

LIBRARY
OF THE
UNIVERSITY OF CALIFORNIA.

Class



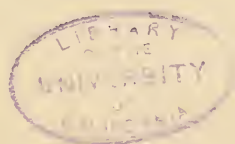
THE DYNAMICS
OF THE
FISCAL PROBLEM



Digitized by the Internet Archive
in 2008 with funding from
Microsoft Corporation

THE DYNAMICS
OF THE
FISCAL PROBLEM

BY
V. ST. CLAIR MACKENZIE



LONDON
EFFINGHAM WILSON
54 THREADNEEDLE STREET

1904

HF2046
.M2

1-10-11

P R E F A C E.

IN the following pages the expediency of instituting in the United Kingdom a system of Protection to industry against the harmful influences of unequal conditions in international competition is considered, as their title suggests, in relation to the progressive or, as the case may be, the retrogressive movements which are to be observed throughout the community. In order to understand the reasoning which initiated the present controversy it is necessary to ascertain the directions and to calculate, as far as possible, the resultants of those forces which make themselves everywhere apparent in the social being of our Empire.

As no shrewd merchant rests content with balancing his books at the close of a year's trading, but straightway applies himself to the formation of new plans whereby he may not

only maintain the prosperity he has acquired, but, if possible, add to it in the future, so no prudent state remains satisfied with a vain-glorious introspection or with a mere examination of the quotidian circumstances of its commerce. We are provided with a series of trustworthy statistics and detailed records of causes and effects, extending over a period long enough to enable us to trace the tendencies of society and its industries, to follow out the movements of international trade, and, in fact, to construct an argument in dynamics which may serve to indicate the means by which we may modify, or counteract, some of those movements which are seen to operate to our disadvantage.

Only the principles of fiscal policies, as they have been adopted by the chief nations of the world, are there considered, and no definite proposals for a system of taxation are discussed, nor has any question of arrangement been mooted, as such matters still rest *in gremio civitatis*. It would appear to be the duty of a country, which contemplates an alteration in its trade policy, first to decide upon the broad question of principles, and then to enter into

a choice of the alternatives justifiable by those principles, and, as the first duty has not yet been performed, it is hoped that the somewhat condensed chapters which ensue may prove to be of some assistance to such persons as are eager to know more of the case for a Protective policy than can be gathered from the common form of platform declamation.

It will be seen from the short historical sketch which occupies the first chapter, and which is drawn mainly from Free Trade chronicles, that the original theory of Free Trade, or, more properly, Free Exchange, was never put into practice in any state, and that the biography of that compromise which still trades under the old name is the record of "a deduction killed by fact". In the next chapter an endeavour has been made to show that those social and industrial forces which are, and have been, consistently active in human nature have rendered equally impossible the application to modern conditions of the still unpractised portion of the Free Trade theory ; while the facts and figures which occupy other chapters, and which represent our trading with other nations, are, considered from the dynamic

point of view, weighed in the balance and found wanting.

An attempt has been made to point out that any conception of Imperialism which rests only upon the basis of sentiment, and which does not embrace the more material considerations which naturally animate most human actions, is not only false but fatal ; and it is argued that the political portion of a scheme for Imperial federation, considered as a thing in itself, is little more than a piece of flimsy idealism.

Those arguments which are drawn from the prosperity of Protectionist countries with a view to demonstrating the efficacy of Protective policies have been entirely omitted, in order that the popular confusion of thought, in which concurrents are mistaken for causes, and in which concomitants are mixed up with effects, may be avoided. It must be borne in mind that to prove that British trade has not receded from its position in certain, or in all, directions, is, so far as the object here aimed at is concerned, merely an *ignoratio elenchi*. The arguments mainly relied upon are those which deal with the relative rates of industrial progress among the nations of the world.

Exception may be taken to the use made of the adjective "fiscal" in the course of the discussion, but, while it may be stretched somewhat beyond its common signification, it will be found to fulfil, for want of a better part of speech, a qualifying function which, considering both its context and its modern uses, can scarcely lend itself to misinterpretation.

DORKING, 1904.

CONTENTS.

CHAPTER I.

	PAGE
HISTORY	I

The use of an historical retrospect—The useful antitheses of English fiscal history—The publication of the *Wealth of Nations*—Its effects upon fiscal policy—Pitt's adoption of the Smithian principles—The condition in which he found England—The industrial revolution—Introduction of machinery—Its effects on labour—Prices and wages—The success of Pitt's reforms—The introduction of new processes of smelting—The Napoleonic wars—Pitt's abandonment of his fiscal reforms—The great increase in export trade—Exclusion of foreign grain—Wages—Pitt hooted—The King mobbed—Taxation—The National Debt—Heavy duties—The agricultural labourer's condition—Imports and exports—The views of the manufacturers—The Corn Law in 1815—Alterations in import duties on grain—Exports and imports—The price of wheat—Tooke's petition—Recovery from the effects of the war—The Reform Act—The agitation for the repeal of the Corn Laws—Peel's vote of censure—Repeal of the Corn Laws—The gold discoveries—The golden age of agriculture—Mr. Gladstone's repeal of Customs duties—The cotton industry—Imports—The linen trade—United States diminishes its paper currency—The growth of trade unions, savings banks, etc.—The advent of Democracy—The method of historical interpretation adopted—The present question.

CHAPTER II.

	PAGE
SOCIAL AND INDUSTRIAL FORCES	28

The physiocratic school of economics—Adam Smith's and Cobden's individualism—The doctrines of natural rights—The transition from Free Trade principles—The advance of Democracy—The competition of the future—The growing prevalence of combination—Cobden on trade unions—Growth of Socialism in England—Mr. Lecky on Protection—Change in Parliamentary representation—Municipal administration—The inexorable tendencies of the social organism—Cobden's conception of Free Trade—Ultimate questions.

CHAPTER III.

IMPORTS AND EXPORTS	51
-------------------------------	----

Excess of imports—Average "adverse balance"—Its adjustment—Board of Trade calculations—Earning of our merchant marine—Dividends from foreign investments—Trade profits—The dynamics of our figures—Sir R. Giffen on our export trade—The reply—Free-traders' suggestions of retrenchment and reform—Populations compared—Tables—Tendencies of population—British trade with the United States and Germany—England's place in neutral markets—Coal production, consumption, and export—The inferences from the figures quoted.

CHAPTER IV.

"DUMPING"	96
---------------------	----

The comparison of international dumping with "cheap sales" is erroneous—A hypothetical case—The motives of dumping not always the same—Its malignant and benignant forms—The Board of Trade evidence—How Free Trade helps the American to benefit by the law of increasing returns—The future cartels—Their probable evolution—The benefits derived by manufacturers from the use of dumped goods—The action of the trusts and cartels in competition—Shipbuilding with dumped materials—The failure to utilise our own resources to their full extent—Our advantages in the iron and steel trade—The protective remedy.

CHAPTER V.

	PAGE
THE PRINCIPLES OF PROTECTION	133

Unequal competition—The diminished degree of natural protection—Manufacturers' conservatism—Small producers cannot benefit by many modern inventions—Development in the United States—Protection necessary for dealing with "artificial" conditions—Free Trade really an unprogressive policy—The Free Trade conception of the world as an economic and homogeneous whole—Protection a dynamic policy suited to changing circumstances—The gradual yielding of a *priori* economy before empirical arguments—Mill's views—The protection of young industries—The silk trade in the United States—Protection not destructive to enterprise and inventiveness when judiciously applied—The suitable circumstances in which to start an industry by State aid—The doctrine of comparative costs—J. S. Mill's unstable attitude—The question of exporting new machinery—The Free Trade argument from "the aggregate wealth of the commercial world"—No country will forgo the possession of the most important industries—Mill's objection to prohibitive duties—No danger of a disappearance of foreign trade nowadays—The American flax-growing industry—Protection as fostering a sense of security—Its failures—Its successes in permitting full advantages to be reaped under the law of increasing returns—Tariffs as political necessities—The absurdity of the cry against collecting from the working man and the masses generally some payment for State purposes by Protection—Bright on labour and Protection—The assertion that protective tariffs reduce the total wealth by an uneconomic distribution of industries—Admitting the truth of the statement, unilateral Free Trade unjustified.

CHAPTER VI.

TRUSTS	167
------------------	-----

The germs of combination in society—The continuity of the associative forces—Changes in the life of the people since Adam Smith wrote and since Cobden preached—The fight

between large and small capital—The processes of high competition—The effect on prices—Competition in non-protective countries—Combines and trusts not only possible but existent—Trusts naturally more frequent in protected countries—The reasons—Monopolies generally—Monopolistic groupings of various industries—President Roosevelt on Trusts—The futility of the tariff remedy proposed—The advantages of combined manufactories—The relations between the trusts and labour organisations—The effects of trusts on wages—A spirit of mutual tolerance abroad—M. Yves Guyot's suggestion—Trusts and prices—How British combinations are crippled under Free Trade in the competition with foreign trusts—Some attempt at the equalisation of competitive conditions imperative.

CHAPTER VII.

OUR FOOD SUPPLIES 188

Free Trade beliefs in the "indestructible powers of the soil"—The increasing population and the efforts of agriculturalists—Cobden's views—The belief that Free Trade would not injure agriculture—Our growing dependence upon foreign supplies—Figures of home produce and imported supplies—The sources of the supply—Animal food imports—Their sources and values—The British endeavours to promote agriculture—The reasons of their failure—Too great stress laid upon diminishing returns—Average yield per acre in the United States, Great Britain and Ireland compared—Flour-making might be carried on in this country—Small-farming an obstacle to success in competition with the foreigner—Stock-raising prospects—Railway rates—Lack of organisation among farmers—The Anti-Corn Law agitation recidivistic—Its failure to rehabilitate agriculturalists—Protection at its worst could not assist the farmer less than Free Trade—Canada as our future source of corn supply—The population of the United States and its agricultural produce—The dangerous position of England—The safety of sea-borne supplies best assured by colonial preference—Mill's views out of date—Canadian production—American policy.

CHAPTER VIII.

	PAGE
THE POSITION OF THE CONSUMER	210

The consumer must, in many cases, contribute to the maintenance of Protection—The direct and the indirect effects of the duty—Extension of industry and regularity of employment as against increased cost of living—The parallel between trade unionism and protective measures—The old ideas as to the incidence of taxation—The necessity of examining the position of the producer—The cases in which the producer pays the whole duty—The Free Trade argument that when the producer pays the whole duty there is no Protection—The *Floreat-edax* policy of the Free-traders—Freight competition—The economic potentialities of the Empire—The tin-plate trade in the United States—The Reports of the Tariff Hearings at Washington—Cairnes on the doctrine of comparative costs in reference to Australia—The shortsightedness of a State policy which relies upon the cost-of-production principle.

CHAPTER IX.

LABOUR	240
------------------	-----

The sensitiveness of the labouring classes to the effects of economic change—The sharp results of restricted imports of raw material—The motives which animated the Corn Law Repeal movement—The effects of free importation upon wages—The assumed consequences of the Repeal—The failure of the Free-traders to consider alien immigration—The position of the consumer—The question of equalising the conditions of competition—The true interests of the consumer—The argument against Protection upon the basis of the limitations of capital—Its invalidity—The price of corn and the marriage rate—The altered position of corn in regard to the budgets of the working classes—Mr. Bowley's conclusions—The altered standard of living—The political power of the working classes—Trade unionism in Great Britain, United States and Germany—Protection indispensable for the maintenance of a high standard of living—The modern competition mainly a competition between standards of living.

CHAPTER X.

IMPERIALISM	PAGE 263
-----------------------	-------------

The importance of a fiscal policy which considers the colonies—The new conception of Empire—The independence of the Colonial Governments—Adam Smith's views upon colonial dependencies—The physiocratic ideal of England's future—The relations which existed between the mother-country and the colonies in Cobden's time—The reasons for the advocacy of the "emancipation" of the colonists—The prevalence of the democratic spirit—Cobden's opinions on the connexion between England and her Canadian colonists—The present position—The gradual attenuation of the Imperial links—The disagreements between the Imperial and the Colonial legislation and opinions—Colonial indifference to Imperial diplomacy and independent sentiments—The remaining shadow of a suzerainty—The perversity of Colonial demeanour in regard to Imperial interests—The importance of establishing a community of interest—The progress of Democracy in the colonies—The hollowness of noisy sentimental loyalty—The bases for a material connexion between the various parts of the Empire—The Colonial Premiers at the Conference in London, 1902—The future Empire to be an Empire of business.

CHAPTER XI.

CONCLUSION	293
----------------------	-----



CHAPTER I.

HISTORY.

The use of an historical retrospect—The useful antitheses of English fiscal history—The publication of the *Wealth of Nations*—Its effects upon fiscal policy—Pitt's adoption of the Smithian principles—The condition in which he found England—The industrial revolution—Introduction of machinery—Its effects on labour—Prices and wages—The success of Pitt's reforms—The introduction of new processes of smelting—The Napoleonic wars—Pitt's abandonment of his fiscal reforms—The great increase in export trade—Exclusion of foreign grain—Wages—Pitt hooted—The King mobbed—Taxation—The National Debt—Heavy duties—The agricultural labourer's condition—Imports and exports—The views of the manufacturers—The Corn Law in 1815—Alterations in import duties on grain—Exports and imports—The price of wheat—Tooke's petition—Recovery from the effects of the war—The Reform Act—The agitation for the repeal of the Corn Laws—Peel's vote of censure—Repeal of the Corn Laws—The gold discoveries—The golden age of agriculture—Mr. Gladstone's repeal of Customs duties—The cotton industry—Imports—The linen trade—United States diminishes its paper currency—The growth of trade unions, savings banks, etc.—The advent of Democracy—The method of historical interpretation adopted—The present question.

It need scarcely be observed that some knowledge of the history of a people is indispensable to an understanding of the economic life of the

community at any particular period. Its prosperity or its failure, its development or its degeneration, its tranquillity or its restlessness, are not phases which owe their origin entirely to its recent acts and endeavours. A vast complex organism, slowly built up through centuries, subjected, now to the subtle influences of those inscrutable forces which form the mind of multitudes, and now to the depredations of catastrophe and disease, cannot be studied superficially or examined casually with any hope of obtaining knowledge serviceable to an understanding of economic questions.

The community cannot, any more than the individual, escape the tyranny of its organisation. Hence it is essential, after the manner of physicians, to inquire into the inherited characteristics, the diatheses and proclivities of the patient ; and to endeavour to realise how far suffering and predisposition to ailment are traceable to the behaviour of irresponsible forebears, and how far health and immunity from disease may be assured by the treatment of the future.

The history of England offers a chapter exceptionally suited to this purpose. Within a recent and a comparatively short space of time, we have the opportunity of examining the operation of all those economic forces which

have made or marred the lot of any section of the human race. We have the pictures of England at peace, and of England at war. We have the years of the full ear and of the empty ear, of the fat kine and of the lean kine. We have the still vivid records of a course of public finance which, sixty years ago, was charged with causing widespread distress and public immorality, which, accordingly, took its trial, stood condemned, and was, as we thought, banished for ever. We have fresh and minute accounts of the social and industrial conditions which obtained during the currency of that policy in its fullness; and we have still more vivid, in all the aggressiveness of life, a policy which is diametrically opposed to its predecessor.

Thus, in embarking upon the consideration of a complex question, our labour is, in a measure, facilitated by the convenient availability of a record of all the causes and effects, the issues and events, of two antithetic fiscal systems.

The year 1776 is perhaps the most fitting starting-place for the student of British State finance and economics, for at this point the lifeless bones of the "dismal science" were quickened by the appearance of Adam Smith's *Wealth of Nations*.

The publication of this book marked a new era, a political renaissance, when, as if at the touch of a magician's wand, the sun burst through the clouds of oppression and despair which hung upon the land, and, with its fierce purifying light, drove off the querulous troop of metaphysical economists, who, sitting in their academical watch-towers, high above humanity—like so many Teufelsdröckhs—"alone with the stars," despised the practical affairs of men, and sought to soothe the uneasy cry of the populace, whenever its disturbing note broke in upon their abstract silence, with the sophistical incantations of what they called a natural science.

But now Adam Smith had preached ; and his doctrines, unlike those to which people had been accustomed, contained something of the warmth of everyday life, something to appeal to the natural principles of humanity, to the self-love—it has been said to the covetousness—of mankind ; something which demonstrated that individual interests were, in many cases, not totally incompatible with those of state ; something which stamped them as practical advice from man to man. In short, now, for the first time, the nation was shown that the science of economics was capable of application—with what effect was yet to be seen—to the evils

which were multiplying on all hands, and that here, at all events, was no nebulous theory, founded entirely on abstractions, teeming with hopeless ideals, and sent into this breathing world but half made-up.

From the outset, fortune awaited Smith's views. The first budget after their publication bore the obvious impress of his opinions. Lord North exacted new taxes in conformity with his suggestions; and, later, Smith was consulted by various other statesmen, among whom was Lord Carlisle, then Viceroy of Ireland, who was contemplating the concession of free trade to that country.

No book on political economy had ever made such a mark. No book had ever been so eagerly grasped by the administration of a country, and—more remarkable still—no book had ever thrust itself so quickly through those dim religious mists of conservatism which form the psychological atmosphere of university life.

If Adam Smith be alleged to have borrowed largely from others who preceded him, the allegation is little to the point. To him, and to him alone, is due the credit of having gleaned all that was practical from the theories of others, and of crystallising what before was but fluid into an apparently workable whole.

His opinions were soon to find a brilliant exponent. Pitt appeared upon the scene. Coming from Cambridge with the *Wealth of Nations* under his arm, with a mind engaged upon the arts of peace, and with a heart filled by hereditary aspirations, he found before him in the State a stricken field. There was a debt of £266,000,000 hanging like a millstone about the neck of the people. There was a deficit of £3,000,000 in the revenue. Consols stood at fifty-seven. Exchequer bills were at a heavy discount. A comprehensive, intricate, and exorbitant system of customs and excises beggared the honest and enriched the unscrupulous. There were sixty-eight different branches of customs. As many as fifteen distinct duties were levied upon some articles, and Bishop Tomline assures us that an insignificant article like a pound of nutmegs paid as many as nine different taxes. Contraband trade was flourishing. The illicit trade in tea alone more than doubled the lawful trade. Of the 13,000,000 pounds of tea consumed in the United Kingdom duty was paid on no more than 5,500,000 pounds. Overt corruption characterised the placing of the most lucrative Government contracts, and the lotteries—questionable contrivances for raising the winds of State—were

conducted with a shameless disregard for common honesty. The Government offices were permeated by fraud and collusion. At the close of 1783 over £40,000,000 of public money, which had been raised for the public services, and which had been paid into the Exchequer for that purpose, had not been accounted for.

Under such a fiscal régime no country could be expected to thrive, and it is a wonderful testimony to the potential energy of industrial England that the belated reforms which were effected and the costly war which was to ensue did not find the country impoverished beyond hope of resuscitation.

The Court itself was out of joint, and the King was the victim of the ominous caprice of the populace. The fickle systole of the heart of the nation rendered the popularity of George III. as vacillating and precarious as were the finances of his ministers.

Industry was undergoing a cataclysmic change. It was a period of extremes—a period of dearth, a period of plethora. The invention of machinery was beginning to work its terrible revolution—terrible for the poorer classes who were to bear the brunt of the transitionary stages, and who could never live to see the better days.

In the woollen trade the introduction of “mills

for grinding the wool preparatory to carding, by means of which the master manufacturer had as much done for $1\frac{1}{2}$ d. as used to be performed for $4\frac{1}{2}$ d.," produced the inevitable depression in the labour market. The coal trade was expanding with the gradual application of machinery, and, as the textile manufactories began to dot the country, the process of centralisation, for which to this day we seek a remedy, began in earnest. A hasty migration of labour was the result. Fathers left their wives and children in the villages, and hurried to the towns; and the losses occasioned by the abandonment of the home spinning industry entailed widespread sufferings.

Violent fluctuations in the price of wool were productive of awful consequences. In 1784, when the price was unusually high, agitations were set on foot for the payment of a living wage to the spinners; and it was calculated that a spinner walked thirty-three miles, stepping backwards and forwards while tending his machine, before he earned 2s. 8d. Prices had risen out of all proportion to wages. The price of wheat in London during 1781-84 was 47s. 8d. a quarter, while the price in 1743-80 was 31s. According to Howlett, in the fifty years preceding 1787, the wages of the labourer had risen but twopence in the shilling, while the

price of wheat had risen from 32s. to 45s. a quarter. The distress among the agricultural labourers was intense. The wages in Lancashire fell as low as 4s. 6d. a week. Farmers, despite the glaring demands of the markets, often lived a hand-to-mouth existence, producing little more than was necessary to their own support. Before 1768, Young writes that clover and turnips were unknown crops in many counties, and any knowledge likely to lead to agricultural improvement made slow progress. Ignorance, and that conservative torpidity which ignorance begets, deadened the people to the changing nature of their surroundings; and, by riot and violence, they sought to evade obedience, not only to the obvious demands of economic conditions, but to the very laws of biological existence.

Such was the chaos in England when Pitt entered upon his political career. With all the ardour and confidence of youth, and in defiance of a general animosity, he set himself at once to the cleansing of the Augean stable by drastic and fearless reforms.

In 1787 he introduced his great Consolidation Bill for the reform of the Customs—a measure so thorough in its detail that it needed as many as 2,537 resolutions to state its divers provisions.

Upon the simple principle that an increasing

consumption meant a swelling revenue, an extensive reduction of duties was made, and this of itself dealt a death-blow to the wholesale smuggling which extortionate and clumsy tariffs had so long propagated. Public morality next claimed attention, and the loans, which it was usual to divide among the friends of the government and the protégés of the Court, were decreed to be the subjects of public tender.

A treaty struck with France provided for fair trading with that country, and it met with a success which could hardly be said to have been anticipated by its signatories. The importation of French wines rose in six years from 100,000 gallons, before the treaty, to 683,000 gallons.

North had given to Ireland free trade with foreign countries and the colonies, and now Pitt contended against the marshalled forces of commercial jealousy and avarice for her right to free trade with England. The system of franking letters and packets was abolished—a privilege which gave rise to such abuses that it is alleged that an Irish member of Parliament franked a grand piano.

The inventions of Hargreaves, Crompton, Cartwright, Watt, Kay, and the discovery that coke might be used as a substitute for charcoal

in smelting iron, had now established themselves in the industrial life of the country. A prosperous trade sprang up with the American colonies. The dread winter of England's discontent seemed to have given place to the vitality of a glorious spring. Reforms showed themselves on all sides. A scheme for the reduction of the onerous public debt was inaugurated. The establishment of a sinking fund to bear compound interest—chimerical as the idea really proved—if it deserves no better comment, may at least be said to have nourished in the people a beatific illusion which lent additional enthusiasm to the industrial soul's awakening.

Elated by the amazing success of a policy which owed so much to the founder of modern political economy, affected by the *vertige* of victory in that branch of administration which, above all others, may justly raise a statesman's pride, the great peace Minister, when introducing his Budget in 1792, hailed his country as standing upon the threshold of a fifteen years of rest and peace. Cozened by fate, deaf to the sounds of distant tumult already echoing against British shores, he little knew that ere the breath which gave his words their life had melted in the tranquil air the insubstantial pageant of his vision would dissolve, the curtain of his dream would

lift to show the vanity of human prophecy and reveal the horrid panoply of war.

It is unnecessary to our present purpose to chronicle the stages and the events of the two decades of a war which was now to cast its blight upon the whole of Europe. It seemed as if England, from her mere propinquity to France—the France with whom Pitt had been cultivating the amenities of a profitable friendship—was drawn inevitably into the vortex of the French Revolution. Friendship for France had never been a dominant trait in the character of the English people. Indeed, Flood, when opposing the treaty with that country, insisted upon enmity being as inherent and natural as it was mutual. Nevertheless the actual declaration of hostilities brought forth acute feelings, among which there was, perhaps, a modicum of dismay, for the people had long been feeding upon an air which was promise-crammed.

All the good that Pitt had done was to be undone. His financial reforms were to be subverted at one fell swoop; and England was to behold the public debt, which she had so fondly hoped to extinguish, increase at the appalling rate of £27,000,000 per annum during the continuance of hostilities.

Impressed by the work he had accomplished, and averse from demolishing the peace-structure he had begun to build, Pitt, while undertaking the conduct of the war, was reluctant to increase the taxation of the people. Within the first four years of the war, the taxation was but £70,000,000, as compared with £134,750,000 for the four years 1799-1802—an increase of $92\frac{1}{2}$ per cent.

The industrial revolution which, as we have seen, had already begun with the introduction of machinery, was destined to achieve the transfiguration of England. The policy which had already become decadent at the point at which we have taken up the thread of history, was founded entirely in the interests of the land. The physical resources of the country were the material upon which it worked, and its loftiest ideal was the amplification of the means of promoting agricultural development with a view to establishing a defiant self-support.

But the scene had changed. The growth of trade had been little short of miraculous in its rapidity; and the policy of the country was revised and was based chiefly upon trade. The land, despite the redoubled efforts of the agriculturalists, could no longer supply the inordinate appetite of manufacture; and it became necessary

to look for materials from abroad. Here then arose the grand climacteric of British economic policy.

Foreign commerce was increasing by leaps and bounds during the long period of the Napoleonic wars. In spite of the heavy burdens laid upon the country by the oppressive system of finance to which Pitt found himself driven, England was able to pour out money in aid of Napoleon's enemies, and to maintain vast armies in the field. Napoleon himself had dubbed England the "workshop of the world," and notwithstanding his decrees that British goods found upon the Continent should be confiscated, his soldiers invaded the frozen steppes of Russia clothed in English woollens. The new manufactories were working at high pressure to meet the drain upon the resources of the country. Pitt had the support of the commercial community, for their trade was strengthening day by day. But the war, so profitable to the manufacturer, was to eke out the life-blood of the labourers and mechanics.

Foreign grain was excluded during hostilities, and land which before was not deemed worth the tillage sprang into cultivation to supply home needs. During the period 1795-1815 the average price of wheat was 89s. 7d., and

in 1812 it reached 126s. 6d. The prosperity of the landed and trading classes did not profit the poor. Wages rose but little, and men worked longer hours to earn the necessities of life. The agricultural labourer, deprived by the factories of the by-employment by which he was wont to supplement the pittance he received for labour on the land, was unable to find work. When he had the means of migrating to the town, he was in no position to hold out for a fair wage, because the manufacturer, under the iniquitous apprenticeship system, was able to procure all the hands he wanted from the London workhouses. There were famine prices at times. Pitt was received with groans. The King was mobbed and was rescued with difficulty from personal injury. Rents became high and tithes increased. Slaughter, rapine and conscription had laid waste the resources and annihilated the industries of the Continent, and in this country alone had the manufacturers been able to continue upon their profitable way without any greater difficulties than those necessarily attendant upon an impoverished and a broken-spirited labour market. England stood alone as the factory of the world. But her prosperity was factitious.

The population in 1815 was 10,000,000. Taxation was £74,500,000. The National Debt was £861,000,000 with an annual charge of £32,500,000. Finally, when Pitt was driven to the imposition of additional taxes, he did his work with a vengeance. It was difficult to find an article which had not been made a source of revenue. Sugar paid 30s. per cwt.; salt 15s. per bushel. Tea paid an *ad valorem* duty of 96 per cent.; tobacco and snuff 300 per cent. Imported coal and timber paid duty, and cotton, silk, iron, soda, indigo, hemp, furs also came under the tax-gatherer's ban. There were excise taxes on manufactures—on leather, soap, candles, paper, glass and nearly 1,300 other kinds of goods.

The farm labourer had not the means of existence. His wife and family were destitute. Men perished of hunger or kept body and soul together by feeding on the herbs of the field and the cabbage-stalks in their gardens. Mechanics worked twelve hours a day for 3d. Women and children languished and died in the mines.

It was still a period of extremes. At one end of the social scale the capitalist and the organiser of labour grew fat and amassed fortunes, at the other end squalor and hunger reigned supreme.

There was an unparalleled increase in the volume of trade. The following are the figures :—

	Imports.	Exports.
1740	6,703,778	8,197,788
1783	11,651,281	13,896,415
1815	31,822,053	41,712,002

The cotton trade surpassed the others. In 1740 the importation of cotton was 1,645,031 lb., in 1789 it grew to 32,576,023 lb., and in 1815 it amounted to 99,306,343 lb. Wool was imported in 1776 to the quantity of 1,926,000 lb., and in 1814, 15,700,000 lb. The revenue had risen from £3,997,000 to £71,900,000 (net). The annual charge on the National Debt in 1784 was £9,669,435, but in 1815 it was £32,645,618. So much for the extraordinary vitality of England.

During the war we had expanded our trade to enormous dimensions, and upon its termination we found our factories working at full speed ahead, while other countries had to rebuild and refit theirs.

The support and the extension of foreign trade had now become the one great object of the State ; and to permit of successful competition by England in the foreign market it was essential that labour should be cheap. On the

other hand, it was thought that the safety and welfare of England depended upon her being self-supporting, a doctrine formulated by the political arithmeticians and backed by the capitalist and land-owning classes. Cheap labour and dear corn became the order of the day, and, to execute it, it was necessary to place a restraint upon the importation of foreign grain.

For the sake of the export trade which was enriching them beyond their fairest dreams, the manufacturers were ready to support any proposal to effect their purpose; while the landowner, who had reaped huge harvests during the war—his rents having increased some 70 per cent.—failing to realise that his bloated rent-roll was of an ephemeral character, had become proportionately improvident in his expenditure, and hailed with delight any measure which would obviously maintain his exalted position.

In 1815 a Corn Law (55 Geo. III., cap. 26) was passed prohibiting the importation of foreign corn so long as the price of wheat did not rise above 80s. per quarter.

From an early period the protection of the home supply of grain had exercised the minds of the legislature. The frequency of bad seasons made the absolute prohibition of foreign corn an impossibility, while any rigorous restric-

tions upon the exportation of home-grown corn would have discouraged the agriculturists by preventing them from disposing of their corn abroad when the home markets were glutted. Nevertheless such a restriction did exist for four centuries from the Conquest, but, in the reign of Henry VI., the law was modified so as to permit the exportation of corn when the price was not under 6s. 8d. (12s. 10d. present currency). In 1670 wheat was exportable when the price stood below 53s. 4d. In 1689 export duties were abolished and a system of bounties took their place. When the price fell below 48s. a bounty of 5s. was paid on export, giving the farmer so enviable a control of the market that, while he was saved from foreign competition until grain went to a good price, he was enabled to raise the price artificially by exporting at a bounty when home prices declined. Under North's administration bounties were swept away, and it was enacted that corn should not be exported when the price exceeded 44s., and, further, that when the price rose above 48s. foreign corn should be admitted on payment of 6d. a quarter. This approximation to free trade proved unpalatable to the landowners, and in 1791 Pitt was constrained to pass a bill by which a bounty was allowed when the price was below 44s., while

exportation without the bounty was permitted when the price was under 46s. Further, an import duty of 24s. 3d. was imposed when the price was below 50s. This tax was reduced to 2s. 6d. when the prices went above 50s. and remained below 54s., and, when the price attained or exceeded 54s., the duty was lowered to a mere registration fee of 6d. Under this tariff the price of corn rose, in 1801, to 119s. 6d., and it soon became necessary to readjust the scale. Under the revised scale, however, rents continued to fall, and the landowners agitated for, and ultimately procured, a prohibition on the importation of foreign corn when the price was below 80s., and on colonial corn when the price was below 60s.

Restored communication with the Continent depressed the rents and prices in 1813, and in 1816-17 unfavourable weather aggravated these effects. At the close of the war the high pressure on our factories ceased. Trade received a sudden check. Our exports, which had risen in value from £18,336,851 in 1792 to £41,712,002 in 1815, dropped to £34,774,521 in 1816. Our imports, which had risen from £19,659,358, in 1792 to £32,620,771 in 1814, fell to £31,822,053 in 1815, and to £26,374,921 in 1816.

Another spell of distress fell upon the people.

The Government, under a hot fire of criticism, was forced to relinquish much of its taxation, and the condition of domestic affairs became critical. At the close of 1815, corn had declined in price. The farmers and the landowners were the immediate sufferers. Agricultural labour sank to the nadir of destitution. The value of industrial labour also fell. Manufacturers were in sore straits.

The price of wheat was ranging around 100s., and the Essex labourer was earning 6d. a day. Other symptoms were not wanting to show that there was something rotten in the state of industrial England. Harangues, cursings, conspiracies, riotings and violence, were the bubblings upon the cauldron of humanity, which showed the unwholesome ferment of its contents.

Towards the end of 1817 matters began to mend, but, under the prevailing circumstances, any amelioration could be only temporary. In 1820 the spirit of restlessness reappeared. A petition containing the leading principles of Free Trade was presented to Parliament by Thomas Tooke on behalf of a large number of merchants. But this, like other efforts to obtain practical recognition of the new doctrine, was defeated by vested interests.

The general progress of the country was slow

up to 1823-25, when better times came upon the land, and the countries of the Continent began to recover from the devastations of war. The people expected much from the Reform Act, 1832, but their hopes were falsified. The period, 1837-42, was marked by still further financial difficulties and bad harvests. In 1841 there was a deficit of £2,500,000 in the public revenue. At this juncture there arose that resolute and strongly financed band of reformers whose object was the total repeal of the Corn Laws. The crusade against these laws, headed by Cobden, grew in strength under the influence of a powerful, extensive, and zealous organisation. How far the prophecies of its leaders were fulfilled will be seen later, but it is as well to observe here that Cobden's aim was the division of the honours of prosperity—the parallel development of trade and agriculture. Speaking of the then existing state of affairs, he said, "The agricultural and the manufacturing interests would seem to be like the two buckets in a draw-well, the one going down empty as the other comes up full. In proportion as there is a revival of manufactures, consequent upon moderate prices in food, we hear the cry of agricultural distress." To remedy, or to palliate this condition was the avowed object of his pro-

paganda. Meanwhile Huskisson, though subjected to frequent defeat, was preparing the way ; while Lord Melbourne, with his customary combination of ennui and testiness, kept ejaculating, "Why can't you leave it alone?", afterwards protesting that "to leave the whole agricultural interest without protection, I declare before God, I think it the wildest and maddest scheme that has ever entered into the imagination of man to conceive". The movement was, however, quickly gaining ground, and a compromise was mooted. But Peel proposed a vote of censure, and carried it by a majority of one. The Government went to the country, and the Conservatives were returned, but were soon defeated ; and, when Parliament met again, Peel brought in a measure for the repeal of the Corn Laws, which was carried in June, 1846.

This act was looked upon with dismay by the agriculturalists who at once began to predict their own ruin. Bad harvests succeeded and these were attended by a famine in Ireland. The destruction in the potato crops caused a rise in the price of wheat from the average of 54s. 8d. to 69s. 9d. a quarter, but in 1849 the price fell to 44s. 3d. and agricultural wages stood at 6s. and 7s. a week, while farmers protested that a further reduction would be necessary.

Relief came from the least expected quarters. The discoveries of gold in California and Australia (1848-52), gave a sudden and powerful impetus to industry. Wheat rose to 53s. The Russian War tended to promote a general rise in prices, and agriculture stood upon the threshold of its golden age (1852-62). In 1853 Mr. Gladstone removed the Customs duties on 127 different articles and reduced the rates of duty on 140 more, thus putting a finishing touch upon the policy of Free Trade which originated with Huskisson. The cotton industry showed a remarkable energy. The imports for the three quinquennial periods were :—

1851	659,000,000 lb.
1855	840,000,000 ,,
1860	1,084,000,000 ,,

The American Civil War affected trade, and these imports fell temporarily, but the following figures are evidence of extraordinary prosperity :—

IMPORTS OF COTTON.

1865	723,000,000 lb.
1870	1,078,000,000 ,,
1875	1,228,000,000 ,,
1885	1,400,000,000 ,,

The linen trade showed a proportionate increase. The large gold discoveries were undoubtedly a

potent cause of the prosperity of the period 1852-67, and it was not until 1875 that the voluminous stream of gold, which was flowing from the new mines through the whole of Europe, began to abate. Germany changed her monetary standard from silver to gold, and the United States diminished its paper currency, while other countries endeavoured to adapt their systems to the natural appreciation of gold.

Profits in trade fell ; enterprise was checked ; wages were reduced, and employment became scanty. The wealth of the country had fluctuated in a great degree, but up to 1885 there had been a pronounced advance in trade. There had also been a very evident improvement in the social condition of the people.

The growth of trade unions, savings banks, and friendly societies augured well for the betterment of the lot of the working classes, and became the somewhat obtrusive harbingers of the advent of Democracy.

Such, briefly, are the historical milestones upon the road that led to our present fiscal system ; such is the crowded canvas which it may be well to keep before us when attempting to investigate our present position, that we may now and then turn towards the counterfeit presentment of the past, and try, so far as economic principles can

be seen to have been at work, to arrive at the true causes which produced the attitudes and scenes that we see depicted there. If those causes are often complicated and occult it will be our duty to discount them adequately in the formation of our judgment; and, in drawing conclusions, it will, above all, be necessary to bear in mind that, although, in many instances, the principles of economic science, as at present laid down, have been verified by the tests to which time has submitted them, the judgments of the fathers of political economy—pontifical as they are esteemed by emotional devotees—were formed upon a circumscribed field of observation. Their science was built upon a narrow basis, their generalisations were at times unavoidably drawn from an insufficient number of instances, and their vision was limited to the contemplation of an organism whose growth it was not given them to see. The world, and with it this country, has reached a stage in its development when, it is said, these doctrines unexpanded cannot be expected to fit new conditions, and, while some of their basic principles may remain as adamant, others have proved too rigid and too narrow to maintain correspondence with an environment forever changing under the influence of the new forces which, in the pro-

cess of the world's evolution, are being released in all directions.

Despite the efforts of the ultra-conservative school of economists, there are some who are making haste to get abreast of the times, to assimilate the multitude of new facts which have been "dumped" into their purview, to put their scientific house in order and to raise it another story and to extend their field of vision until they can contemplate the teeming landscape—more impressive than "the illimitable veldt"—which Democracy and Imperialism have conjured up around them while they slept within their "little academe". To discuss the fiscal question which is now agitating men's minds upon any hypothesis other than that which recognises the progressive tendencies of the age, and the natural evolutionary processes which are at work, would be a hopeless logomachy—a quarrel *de lana caprina*. Cobden's doctrine has been subjected to what, in the case of other evangels, is termed the "higher criticism". It is being inspected in the light of the accumulated knowledge and experience of the twentieth century. Is this doctrine to be upheld in word and letter? Is it to be modified? Or is it to perish and make way for a newer and a broader faith? That is the Fiscal Question.

CHAPTER II.

SOCIAL AND INDUSTRIAL FORCES.

The physiocratic school of economics—Adam Smith's and Cobden's individualism—The doctrines of natural rights—The transition from Free Trade principles—The advance of Democracy—The competition of the future—The growing prevalence of combination—Cobden on trade unions—Growth of Socialism in England—Mr. Lecky on Protection—Change in Parliamentary representation—Municipal administration—The inexorable tendencies of the social organism—Cobden's conception of Free Trade—Ultimate questions.

[“Chaque génération successive, alors même qu'elle paraît s'engager dans la route déjà suivie par les ancêtres, découvre des horizons qu'ils n'ont point soupçonnés et au delà desquels sa propre vue ne peut rien discerner.”—M. SAINT-LÉON.]

IN the foregoing pages we have been watching the United Kingdom passing through a period of travail, tedious, convulsive, and attended by physical change. Not only was a great industrial transmutation taking place, but a series of metamorphic undercurrents was furrowing its silent way through the very bedrock of society. If, for a moment, we may constitute ourselves economic *haruspices* to pry into the bowels of social England with a view to ascertaining the nature

of the causes which were at work among the people, and with a view to forecasting the effects in the near future of such of those causes as are still operative, we shall find admonitory signs which no statesman and no economist dare despise. We shall find that while some of those forces which wrought change and disturbance in former days have long since spent their strength, others are still extant and are operating with augmented activity to this day.

The Industrial Revolution was not without its natural reaction; and, when we recall the price at which England purchased her manufacturing supremacy in the world, when we glance at those ignominious pages of history which chronicle the rise and the progress of the factory system, with its female and its infant labour, its great power-looms, its machinery and its coal-mines worked by veritable human skeletons with the bloody stripes of the taskmaster's lash upon their ribs, it is not difficult to imagine with what a moan of relief the advocacy of a reversion to a more natural mode of life was hailed. It was the recoil from a system of slavery, it was the same rebellion of nature in the heart of man which gave a following to Payne and to Rousseau, made a public for Hobbes, and brought about the Reign of Terror and the revolt of our American Colonies.

But philosophies which are born of extremity are necessarily extreme. The school of economics which took its rise in the study of natural principles, and which was represented in England, first by Smith, and afterwards by such men as Mill, Hume, Ricardo, Bright and Cobden, could not well be blamed if the distressing pictures which the community everywhere laid before them, caused them to pledge their faith to uncompromising naturalism, especially when we realise the abstract perfection of the theory which backed their propaganda. We have said that the classic doctrines of these economists and their disciples were founded upon a narrow basis, that their vision was limited, their spirits unprophetic. The gaps which their observation was inadequate to fill were bridged by abstract reasoning (somewhat sophistical at times) which, however justifiable for the unification of a tentative theory, necessarily contained an uninviting dubiety for the man of affairs. Thus it was that certain rarefactions of thought, certain esoteric beliefs, requisitioned to complete the ideal whole—to present the *summum bonum* of human aims, found their way into those theories upon which Englishmen were proud to base, or to believe they based, their doctrine of Free Trade.

But ideals are the candles at which men of

science singe their wings. However, that their theories were abstractly perfect is not in itself their condemnation. Kepler's laws, which have led to more than one valuable addition to our knowledge of the heavens, had not nearly the same justification in reason as the theories with which we are dealing. The question we have to ask ourselves is whether the theory of Free Exchange, considered from the point of view of modern experience, has shown itself capable of justification—whether it is able to assimilate new phenomena, whether it possesses the credentials of an applied science, and is serviceable to the progress of mankind.

The science of the physiocratic economy was to be *par excellence* a science of nature, a science which inculcated first and foremost the folly of attempting to restrict, with any hope of success, the full play of natural laws. Adam Smith had not divested—nor did he attempt to divest himself—of this sacred creed: “The property which every man has in his own labour, as it is the original foundation of all other property, so it is the most sacred and inviolable. The patrimony of a poor man lies in the strength and dexterity of his hands, and to hinder him from employing this strength and dexterity in what manner he thinks proper without injury to his neighbour, is

a plain violation of the most sacred property. It is a manifest encroachment upon the just liberty both of the workman and of those who might be disposed to employ him.”¹

The natural right of man to sell his labour in such quantities and at such prices as he himself thought fit, was postulated with the confidence of the man who states the self-evident, and this article of faith was reiterated by Cobden in his speech in London on October 13th, 1843.

These doctrines of natural rights formed the vertebræ of the Free Trade policy, and from the time that Adam Smith, apparently afflicted with some ecclesiastical atavism, asserted that man in his efforts to obey nature, would be protected by an “invisible hand,” his disciples—though they do not always like to go to fundamentals—must admit that, whenever their teachings as to international benevolence break down, it is convenient to be able to find a refuge in that modification of Deity which Sir J. Stephen called “a universal trustee to preserve contingent remainders”.

“The world is my country,” was to be the British workman’s motto. “I would advise the labouring classes to make themselves free of the labour markets of the world,” said Cobden ;

¹ *Wealth of Nations*, bk. i., ch. x.

and, that they might achieve this freedom to take their labour to the market in which it would command the highest price, he impressed upon them the necessity of thrift to provide for the cost of emigration.

The molecular freedom of the human race was the ideal condition of the world in the eyes of the physiocrat, and this craze for individual liberty was the essence of the opinions, extreme and moderate, if the latter existed, which made up the political life of the eighteenth and the early part of the nineteenth centuries. It left its traces upon the minds of men who least suspected themselves of its infection, and who, while hurling opprobrium upon those whom Carlisle calls the "eleutheromaniacs" of that era, were unconsciously walking in the widest paths of natural rights. Hume, Mill, Cobden, Bright, all of whom might well have shuddered at the extremist developments of the theories of natural rights, were nevertheless staunch enough in their maintenance of human liberty in sundry affairs of social and industrial life. Upon principle, Bright strenuously opposed the Ten Hours Bill in 1847; and Hume never cared to miss an opportunity of denouncing any measure that threatened to regulate the lives and limit the liberties of the labouring classes.

The ultimate issues were to rest with nature ; there was to be no interference with human affairs ; it was to be “anarchy plus the police constable”. Men had gone astray, they had permitted themselves to follow wrong ideals, to worship false gods ; they had failed to realise their own possibilities ; they had forgotten that skill was readily acquirable at any age and under any conditions, that each could change his occupation at will and could find an employer whose capital was equally transferable ; they had cursed their Creator for the lack of work in England without remembering that there were untilled plains in Timbuctoo ; they had blinded themselves to the fact that the interests of the individual were the interests of the community, that the interests of England were the interests of all the peoples of the earth. Let Man, then, return to nature, and, with the pious aid of a Government supervised by monarchs and carried on by Cabinet Ministers, who had always shown themselves flagrantly amenable to that uncertain god-dess, he would flourish even as the green bay tree.

The advice was flattering unction to those gubernatorial souls ; and in those days natural law in the industrial world became the order of the day. And these ideas were not only plausible, but were, so far they went, true—true as

the calculations of the mechanic who neglects the force of friction. "The weight of evidence is," as Professor Bastable says, "altogether in favour of the Free-traders' contention that productive power attains its greatest efficiency when it is directed by the normal economic motives of self-interest."¹ Precisely. But if the Free-traders were to call the spirits from the vasty deep to inculcate the doctrine, they would not succeed in destroying the tenacity of the man of business to his belief that "two heads are better than one," an apophthegm which, innocent as it appears, contains the germs of labour combinations, trusts, and cartels. The "normal economic motive of self-interest" has not slumbered, but on the contrary has been wide awake, and to its quickening power alone is due that evolution of industry which Free-traders have vainly sought to control, and that self-regard which makes for protection or self-defence in the nation as in the individual.

We have given Adam Smith the meed of praise for the practical trend of his political economy which came as a blessing in 1776; and, if it had been only recognised as nothing more than a human blessing, and therefore as something of a mixture, the demeanour of its recipi-

¹ *Theory of International Trade*, ix.

ents might have been different. Pascal said that if Cleopatra's nose had been shorter the history of the world would have been different. If Adam Smith's *Wealth of Nations* had had less of the physiocratic inspiration England's economic position might not now offer material for controversy, and there might have been no danger that England, having been baptised into the physiocratic faith, should now be constrained to devise stealthy subtleties by which man's freedom is cabined, cribbed, confined, in all directions for his own profit. Nor need there have been the present anxiety for the rest of the souls of those economists who sank into the bosom of Mother Earth with the pious consolation that, as children of Nature, they were obeying the last behests of a philanthropic and a physiocratic Providence.

The Free Trade theory, however, has never had a trial. It is not now, and it never can be, in operation. Its authors and their modern followers seem to have forgotten that society does not remain in a protoplasmic stage.

The principles of Free Exchange now bear the same relations to the present policy of England that the transcendental metaphysics of Kant bear to the physio-psychology of Herbert Spencer.

But it may be said that it is always well to seek out and to keep before us the idol of perfection, not with the hope of acquiring all its attributes, but rather with the exhilarating ambition of attaining the closest possible resemblance to its exalted state. It is an excellent principle. But how has the world followed it out? The heart of man has not been so strongly set on political things above him—and who will blame him?—that he has not strayed grievously from the way. He has given to the patriarchs of political economy their fitting tribute of adoration, but, instinctively perceiving that they have pointed him to the steep and thorny way, he has turned aside to tread the primrose paths of human compromise. While giving a willing assent to the immaculate gospel of cosmopolitan peace, amicable trade, and trust in “the invisible hand,” and while his eyes still rest on the glittering eikon of unfettered humanity, man has bargained and bartered himself out of his birthright of individual freedom for the mess of socialistic pottage which the community offered in its stead.

He has organised his kind into classes, creeds, sects, and—*horribile dictu!*—into cults, each owning obedience to its proper laws and subservience to the mind of its leader, destroying the individual's independence, sinking the one in the many; he

has formed unions and amalgamations for the purpose of defying the natural laws of the market-place ; he has forbidden his fellowman to put his own price upon his own thews and sinews, to value his own capital ; he has curtailed the hours of labour, and decreed compulsory rest from toil, he has set stringent limits upon the terms of the contract of employment and has widened the breach between employer and employé by a host of legal stipulations.

Amid these changes the *laissez-faire* doctrine has been left far behind. A decalogue of "don'ts" has been formulated—formulated, be it observed, by the perfervid, if self-constituted, heirs of freedom's cause—and the individual has been gradually shorn of those natural rights about the sanctity of which he had long had to listen to so much declamation. Swept before the oncoming tide of democracy, gone from the world they inhabited with such éclat, the great principles of the great theory of Free Exchange have vanished like the Pythagorean system of astronomy. The theory itself was never put into practice, and England never approached more closely to her ideal than in establishing a system of free importation, and it is the advocates of this system who maintain to-day the ancient title of Free-traders.

The fierce antagonism of competition and

association, rending the industrial communities of the world, has stirred in the mind of man any feelings but those of cosmopolitan broad-mindedness and benevolence. If the physiocrats dwelt upon the blessings of free competition, they left out of their reckonings the inevitable product of competition among peoples grown to a density of population which they could not easily anticipate, and to a complexity of existence which they could not possibly conceive. Thus their failure to understand social evolution, and, if they understood it, to foresee the developments of the powers of association, is all the more remarkable when they posed as disciples of nature and overlooked the primeval community.

The existence of these two opposing forces, both elemental in society, forebode a struggle likely to be prolonged and revolutionary—a war of nature with civilisation, of the body with its members. The issue may long remain doubtful, but there is one certainty in the contest, and that is, that whatever else may be achieved by the forces of organisation and “integration,” their operation must change the nature of their adversary—competition.

Competition can never again be free in the sense of the term employed by the Free-trader. Individual rivalry is one of the exhausted forces

of the community ; and the competition of the future will be inevitably a fight upon a higher plane, a rivalry between bodies of men, between communities, and, ultimately, perhaps, between nations which have attained the ends of communism. But with these questions we are not here concerned. It will be sufficient to point out that no doctrine founded upon data which do not include the potent forces which are released upon society as a whole, can help us to maintain that correspondence with the changing world around us which alone will be the guarantee of a healthy and prolonged existence.

The Free Trade creed was gladly embraced by the manufacturers who wanted cheap labour, and who also hoped to provide themselves with a plausible reason for the suppression of the labour combinations which sprang up around them, and threatened a strong resistance to their autocracy of capital. Cobden himself, like his predecessors, had completely failed to appreciate the import of such social phenomena. "Depend upon it," he wrote, "nothing can be got by fraternising with trade unions. They are founded upon principles of brutal tyranny and monopoly."¹

Every conceivable device, down to the open

¹ Morley's *Life of Cobden*, i., p. 229.

evasion of the law, by which trade unions could be suppressed, was worked out and audaciously published by the capitalist interest, and even suggestions were made for the State confiscation of the union funds.¹ Commissions to inquire into their constitution and their secret methods of operation were instituted in the general alarm. The futility of these attempts upon trade unionism is visible to-day. Liberty of association was not among the liberties which appealed to the Free-trader, at any rate in connexion with the labouring classes; and it is this very claim to a right of association which forms the predominant force of the democratic influences which rule to-day. But a small section of the community who were themselves rapidly beginning to reap the advantages of concerted action, were wrestling with a power mightier than any that was ever controlled by human volition. The developmental power of the social organism was against them, and a legislature, no matter how recruited, was powerless to restrain the social proclivities of the people.

The tendency towards combinations in labour,

¹ Prof. Nassau William Senior, an Oxford economist, made a proposal to this effect. Senior was one of those connoted by our term "economic theologians," who declared that the endeavour to accumulate wealth is to the mass of mankind the great source of *moral* improvement.

in manufacture, in society, grew in strength and stature with each successive generation ; and perhaps the most remarkable feature of the movement—the feature which appears to fix the processes at work in “something far more deeply interfused” than human thought and transitory agitation, is that the evenest and the greatest application to practical affairs of the principles of association in its many forms has taken place in England where the socialism and the trade unionism are the least noisy and the least aggressive of those of any country of the world.

Measures permissive—or should we say tolerant?—of labour organisation, and restrictive of what we have called the molecular freedom of the community have been made a part of the laws of England, Ireland and Scotland. State controls and restraints have enveloped the industrial classes in a net. Are the causes which brought about this state of affairs to remain active agents in the guidance of the life of the community ? This is a grave consideration for the student of national and international policies, a consideration from which will emanate the conclusions which must prove the mainspring of our future actions, for he must remember that “the policy of regulating and limiting labour which is now so popular, the policy of substituting in all

industrial spheres administrative and legislative restriction for the free action of supply and demand, the policy of attempting to level fortunes, to change by law the natural growth and distribution of wealth, and to create a social type different from that which the unrestricted play of natural forces would have produced, belongs to the same order of ideas as the protection of the past. The policy which would exclude foreign labour from England, and submit all English labour to trade union rules, leads logically to the exclusion of all goods that are made on the continent by foreign labour and under foreign conditions. . . . Free Trade and Free Labour are closely connected.”¹

Then is resistance to the onward march of Democracy a hopeless struggle? It would appear to be such. Parliament is no longer an assembly of men mainly representative of the landed interest; it is no longer the rendezvous of those who, in the ancient sense of the phrase, have a stake in the country; it is becoming, if it has not already become, the *aula* of Democracy where now and then the lineal descendant of a robber baron still sings his threnody over the departed drawbridge and the moat, pleads pathetically that rustic ignorance was bliss, that Hodge

¹ Lecky, *Democracy and Liberty*, p. 382.

and his Dobbin are dead of a surfeit, and sheds a bitter tear over the medieval serf, because he is not. Parliament is extending its vision ; there are few industrial corners that it does not sweep, no places too remote and gloomy to escape its Lyncean eye ; and such of its functions as it has reluctantly consented to delegate are placed in the safe-keeping of corporate bodies whose constitution, antecedents, and professions of faith give every assurance for the maintenance of the *status quo*, with, of course, an implied reservation in favour of further progress along socialistic lines when opportunity offers.

The growth of municipal socialism, under whose benign dominion the humblest member of the community is followed and tended—one might say pampered—from his cradle to his bier, is a striking testimony to the activity of those forces which so outraged the sentiments and dismayed the reason of the physiocrat ; and although a fundamental antagonism may be said to exist between the principles of socialism and trade unionism, the tendencies of both policies are productive of like results so far as Free Trade doctrines are concerned.

Is there then any prospect of permanently and advantageously staying the great revolution which is working itself out among the nations of

the earth, and which is just now practically unrestricted in any countries but England and Russia? Nobody suggests the undoing of what has been done internally in England. If our domestic administration has succumbed to the influences of socialism and democracy, if England with her dense and increasing population is to be governed by laws, which in their every syllable are tainted by the artificial protection of society and of industry, if at home our goings-out and our comings-in are to be supervised and regulated by artificial by-laws and vetoes, are we to profess and maintain before the world out-of-doors principles and ethics which we are afraid or unable to practise indoors? Are we to pursue two antithetic policies? What is prudence in the conduct of a parish can scarce be folly in that of a great empire.

Some one may suggest that the inconsistency has been forced upon us, and that, in any case, it should not be relinquished if it pays. We have but to turn once again to the picture of the past, and to ask ourselves honestly to what are due the altered standard of life, the diminution of crime, the developments which we comprehend in civilisation. If we are proceeding domestically upon a wrong road, it would be now more tedious to return than to go over. If the courses we have

been following are not of our own selection, are contrary to our will, if some recondite stimuli embedded in the social organism are peremptorily impelling the human race through phases and processes, analogous to those which obtain throughout the organic world, to predestined ends, these phenomena, much as we may deplore them, are beyond our control and we had best adapt ourselves with becoming and profitable grace to inexorable fate. It is useless to kick against the pricks. If Free Trade in its purity is now as impracticable as the feudal system, the question for us to consider is, What policy will bring us into the most complete correspondence with an environment which teems with the tangible effects of the operation of the natural principles of association and competition?

The doctrine of Free Trade, as formulated by Cobden himself, was thought to possess an elasticity which time has proved it does not contain ; and it must be remembered that the repeal of the Corn Laws was but a fraction of the entire programme which the Manchester School was to have carried out. To the Corn Laws, as a palpable and a crying evil, Cobden turned his attention and his energies, and their repeal was, in effect, his life work. But he was not quite the political opportunist, nor quite the short-sighted

demagogue, that some still think him. He had, further, thought out his theories; and the living faith within him was that, long after he had done his modest share of the gigantic work he had conceived, he would have had successors more powerful, or, at all events, backed by more powerful forces. Free Trade, to Cobden, meant the abolition of every conceivable hindrance to production and exchange, the liberation of all trade, home, foreign, and colonial, and ultimately the removal of all Customs and Excises in favour of a system of direct taxation. "Nobody can deny," he wrote in 1863, "that Customs and Excise Duties and other indirect taxes are more costly in the collection than a direct levy of taxation, and nobody who has examined the subject can doubt that they obstruct commerce, impede manufacture, and check the production of wealth. . . . The municipal governments of our cities contrive to raise their funds by a direct tax instead of an octroi, which is considered an impossible achievement by the towns on the Continent." But his disciples, instead of conducting a propaganda for this extension of Free Trade principles, have been at their wits' end to protect the work of their teacher from destruction by the forces which we have been describing.

The ultimate question then is this: Can we,

under the governance of so much of the Free Trade system as has been established and still remains intact, maintain a forward movement, not jerky, fitful, or over rapid, but even, continuous and fast enough to secure for us in the future a position in industrial life equal to, if not above, that of the other nations of the world? Is the Free Trade policy, or such part of it as it is yet possible to pursue, a policy which can stand against the rising forces of combination and socialism? Is it, despite the falsity of some of those assumptions which underlay its initiation, despite its proven incapability of application to the domestic, social and industrial developments which stress of circumstances, apart from effort of our own, has forced upon us, still adaptable to our growing needs, still stimulative of success in trade within the United Kingdom, and in those distant lands which come within the comprehension of the British Empire? In other words, is it competent for us, and is it advisable in the interests of industrial progress, to offer still our strenuous opposition to those forces which are hostile to Free Trade principles, and which it will have been seen are, while amenable in some degree to retardation, incapable of repression or of final extinction? Is it expedient still to adhere to an attitude which binds us to

meet the marshalled forces of associative competition and democracy with the single hand of individualism? Or are we to meet combination with combination, privilege with privilege, knife with knife? Are we still to throw open our markets to the competition of a world which refuses us a like privilege, to submit our working classes, so far as it is still possible, to the free play of international supply and demand—to admit in competition with the British labourer the Chinese and the Afghan, and to insist, after the manner of the physiocrat, that every man of every nationality has an unimpeachable right to take his labour where he pleases, to mark his own price upon it, and to live in accordance with his own views of sanitation, morality, and civilisation?

The answers to these questions are written in the Statute Books of Great Britain and Ireland, written in their Factory Acts, their Public Health Acts, their Merchant Shipping Acts, their Workmen's Compensation Acts, their Companies Acts; and yet another answer is about to be given in an Alien Immigration Act. These are the inexorable effects of the activity and the ceaseless energy of the forces of Democracy in our community, forces whose influences were unforeseen by the fathers of Free Trade, and

whose resultants not only set a bar to the extension of their structure, but render unsafe that which has been erected. Practically all that now endures is free importation, and it will be our duty to try to determine whether we are not buying free imports at too high a price, whether some degree of taxation imposed upon importation might not add to the value of our manufacturing industries by increasing their prosperity and strengthening their position so that they would yield us a greater profit than we now derive from a system of free importation.

CHAPTER III.

IMPORTS AND EXPORTS.

Excess of imports—Average “adverse balance”—Its adjustment—Board of Trade calculations—Earning of our merchant marine—Dividends from foreign investments—Trade profits—The dynamics of our figures—Sir R. Giffen on our export trade—The reply—Free-traders’ suggestions of retrenchment and reform—Populations compared—Tables—Tendencies of population—British trade with the United States and Germany—England’s place in neutral markets—Coal production, consumption, and export—The inferences from the figures quoted.

IN a country like the United Kingdom which depends upon others for the major part of its supplies of food and raw material, the statistics of imports and exports must, under accurate comparison, afford a fair index of the country’s industrial condition. Importation on an extensive scale is a *conditio sine qua non* of the country’s existence with its present population, and in its present industrial position among nations; and, on this account, import and export values are necessarily a more sensitive gauge of prosperity than those of a country in which importation is encouraged only for the purpose of

obtaining auxiliary but not indispensable supplies. In the former case the stoppage of importation, from whatever cause, would involve collapse ; in the latter it would entail merely inconvenience, injury to foreign trade and possibly some loss of efficiency. In the one case it might be due to dearth of exchangeable commodities, in the other to self-sufficiency and internal wealth. If the imports of the United Kingdom were cut off, it is said that its inhabitants would be reduced to famine within three months, while, for example, the people of the United States, if similarly isolated, would suffer hunger only in respect of what M. Saint-Léon calls *des besoins nouveaux auxquels la vieille Europe seul peut donner satisfaction*—presumably, genealogies, fossils and *fichus*.

If we take into account the comparatively larger proportion of our trade which appears in our import and export figures, their consideration becomes a matter of profound importance. The values of the exchanges of manufactures and agricultural produce in the United States do not figure in their returns on the same scale that similar exchanges appear in our returns by reason of our large importations of agricultural produce in payment for which we export manufactures. In other words, our import and

export returns contain the vital portion of our trade.

Up to 1825 the exports of home produce from this country were in advance of the imports of foreign produce. From 1825-72 imports were in excess of exports, and from 1872 the former began to exceed greatly the latter, and they have continued to do so unremittingly ever since. In the first period the export figures contained consignments of money towards the settlement of our colonies and towards the establishment of trading relations with other parts of the world ; in the second period, some return upon that outlay became visible in our imports, while in the third period it is difficult, as we shall have occasion to show, to find investments made, or services rendered, which would enable us to take a satisfactory view of our trade accounts. While our excess of imports has been increasing since 1872, we find the opposite phenomenon in the United States, where, ever since 1873, with the exceptions of four years, the exports showed a decided preponderance ; and—such is the perversity of human nature—the balances in both cases, though on different sides of the account, are productive of the same kinds of political soothsaying in the two countries. But leaving the Western World to take care of itself (a task

for which it appears extraordinarily well equipped by nature, art and—may we say?—artfulness), we may perhaps profitably betake ourselves to ascertaining the actual extent of the excess of the one set of values over the other in our own case, and to inquiring to what that excess is fairly attributable.

Some of the arguments used in the course of the present controversy make it necessary for us to remember that money is nothing more than a medium of exchange—a symbol representing commodities. The passage of paper, or even of bullion, is frequently regarded as the export or import, as the case may be, of something which is in itself an end to be desired and which entails no entry in our Board of Trade returns of goods. “In all cases it ought to be plain that capital is exported in the form of commodities, or that the borrowing country is enabled to retain certain articles which would otherwise have to be exported in discharge of its liabilities It is, further, necessary to send the value to the borrowing countries, which is done by the export of commodities capable of being used as capital by the importing nation.”¹

Comparison of the figures of our imports and exports has long been a cause of concern, not

¹ Bastable, *International Trade*, fourth edition, p. 163.

only to the advocates of fiscal reform, but to some of the devoutest believers in Free Trade.

The growing increase in our importations of materials for final consumption by our population, coupled with an increase in our importation of manufactured articles, when set over against the difficult and slow development of our export trade could produce no other effect upon any party which undertakes to consider the welfare of the State. Politicians, when confronted with facts from which those who are agitators as well may readily elicit matter for alarmist assertions, have seldom the time or the inclination to turn aside from a diversity of other interests, to examine the complex web of causes which lies behind the country's economic position.

In the recklessness of propagandist methods the entire excess of imports over exports, as it appears in our returns—the "adverse balance," as it is called—is set down to goods obtained on credit for which payment is being gradually made, or must eventually be made, in the golden sovereigns of England's savings, history in this repeating itself even to the letter of the old political arithmeticians' arguments, an example of which is to be found in the words of the matter-of-fact Hakluyt who complains that these foreigners "bear the gold out of this land, and suck

thrift out of our hand, as the wasp sucketh honey out of the bee"—a statement from which we may surmise that his grasp of political economy was quite equal to his knowledge of entomology.

If imports exceed exports we may be certain that they are being paid for somehow, or else that good security for payment is given; for the nations with whom we deal are no more blind to their own interests than are our domestic tradesmen; and if the adverse balance is not paid for out of exports—as assuredly it cannot be—we may be sure that it is paid for out of some other pocket. This is not equivalent to stating that we are living on our capital, although it may well imply that we are taxing that capital to its uttermost capacity.

At the risk of being tedious to the more profound student of affairs, we must briefly set forth some figures which should, even when allowing for a wide margin of error, reassure those who believe that at the present moment we are making the rake's progress and selling up our ancestors, although they will not in all probability bring comfort to those whose opinions lie in the opposite extreme.

For this purpose we shall extend our view over a period of ten years in order to avoid such excesses or deficiencies as are consequent either upon the failure of the country to close all ac-

counts within the short span of one or two years or upon such powerful but evanescent influences as bad harvests, strikes, and big financial *coups*. By these means, we may hope to arrive at something like the normal excess of our imports over exports, considered, of course, in values.

If, then, we take the period of ten years, 1893-1902, our accounts will show an apparent average excess of imports to the value of about £160,000,000. But we must endeavour to arrive at the value of that part of our imports which is purchased for final consumption by the people of the United Kingdom ; for it is evident that some part of our imports does not remain in the country but simply forms the raw material out of which we manufacture some of the goods we export. The average value of these goods, which are known as re-exports, for the ten years taken, is £616,000,000, and if we deduct this amount from our gross imports for the period we are considering, our figures will stand thus :—

Imports of foreign and colonial mer-						
chandise	-	-	-	-	-	£4,652,000,000
Re-exports	-	-	-	-	-	616,000,000
Imports for final consumption	-	-				£4,036,000,000
Exports	-	-	-	-	-	2,453,000,000
Balance	-	-	-	-	-	£1,583,000,000
Average excess of Imports	-	-	-			£158,300,000

These figures do not include the value of new ships and their machinery exported to foreign countries—an item of between £8,000,000 and £9,000,000 sterling per annum—because the export returns do not commonly contain these manufactures.

But again this is only an apparent excess, as our imports are valued *plus* freight and other charges, while our exports are valued *minus* such charges, the consignee, as a rule, paying carriage, etc. Then it follows that we must add to the value of our exports the earnings of our sea-carrying trade, which are paid by foreign nations to us. To arrive at anything like a trustworthy estimate of these earnings is a difficult task. Upon the basis of our owning more than half of the world's shipping, reputable statisticians have estimated—although their estimates are not mutually corroborative—that the net earnings of our merchant marine may be placed at anything between £60,000,000 and £90,000,000 sterling.

Different processes have been employed to frame these estimates, some of them dependent upon the relative values of cargoes and freights, others upon calculations of the imports and exports of all nations, and of the working expenses and profits of sailing and steam shipping. The

method adopted by the Board of Trade—a method which, by the way, does not appear to have helped that Department to strike a balance in its Memorandum—is this: taking the value of the aggregate imports into, and exports from, all the principal countries of the world we have, say, for 1901 :—

Imports	-	-	-	£2,516,000,000
Exports	-	-	-	2,292,000,000
Excess	-	-	-	<u>£224,000,000</u>

This amount, subject to certain objections which will be referred to later, may be taken to represent the total gross earnings of the world's sea-carrying trade. Now, assuming that one-half of the world's shipping is done by British vessels, we have £112,000,000 sterling as the gross annual earnings of British shipping. Deducting 9 per cent. as the proportion of British ships engaged in intercolonial trading, we get £102,000,000 as the gross annual earnings of our ocean shipping. But a further allowance must be made for that part of those earnings which is spent abroad on such things as stores, coal, harbour and canal dues, and this, being estimated at £1·52 per registered ton, we find that a deduction of £12,500,000 must be made to obtain the net earnings.

Thus we find that there is a sum of about £89,500,000 to be added to the values of our exports on account of the estimated earnings of our sea-carrying trade.

This is but a rough estimate. That is admitted. Yet, perhaps, we may be at liberty to take it as the mean of the different sums suggested by those who question their accuracy. It is certainly open to objections. For instance, the estimate is made upon the assumption that the imports and exports of the whole world are, for the most part, the same goods valued at the ports of departure and arrival respectively, whereas there are several exceptions to this generalisation, the United States forming one as formidable as it is notable. Furthermore, the flag of a vessel is not a trustworthy indication of the country which receives its earnings.

However, for the purposes of our argument we may take this £89,500,000 sterling as representing invisible export, and our figures will now stand :—

Average excess of imports, say	-	-	£160,000,000
Earnings of merchant marine	-	-	89,500,000
Excess	-	-	£70,500,000

This method then leaves us with a small enough amount of excess to be accounted for by those

imports which are sent into the United Kingdom in payment of the interest upon its investments abroad.

We now come to the still more complicated question as to the balance of interest payable by other countries to us in respect of our loans, after we have rid ourselves of similar liabilities to them.

The balance in our favour is set down at a *minimum* of £62,500,000 sterling, this estimate being based upon the records of our income-tax returns. Now in connexion with this basis for an estimate, it must be borne in mind—and possibly the dictates of some consciences may prove aids to memory—that a certain portion of the actual amount received in this country in respect of investments abroad is not returned at all to the revenue authorities, and also that a certain portion of the tax which duly appears upon the assessment papers, although really remitted here in respect of money invested outside the United Kingdom, is not expressed to be derived from its proper source. The actual Board of Trade returns, however, include only income derived from bonds, railways, etc., and not from manufacturing enterprise. But, reserving meanwhile some further objections we must make, let us accept this £62,500,000 as

a tolerably correct estimate. Our figures will then stand :—

Average annual excess of imports	-	-	£160,000,000
Earnings of shipping trade	-	-	89,500,000
			£70,500,000
Net interest on investments abroad	-	-	62,500,000
			£8,000,000

--a small adverse balance which would not confirm the dire anticipations of some politicians.

So far then there would appear to be no need for alarm. But whatever may be said of the figures taken, it could scarcely be asserted that, considered as a whole, they incline towards a minimisation. It is, however, alleged—and the allegation is backed by no small show of probability—that £89,500,000 is an excessive sum to assign to the net profits of our shipping trade; and if, in pursuance of the objections presently to be mentioned in regard to the interest derivable from foreign investments, the income drawn from our capital abroad should figure out at less than £62,500,000, the actual adverse balance becomes considerable. But, taking the figures for what they are worth—and they are certainly worth no more than has been attributed to them—our position, considered dynamically, cannot be described as full of promise.

Thus, looking at something more than the statics of the case, when we find that from the year 1872 down to the present time the rate of the increase of our imports has been much greater than that of the increase of our exports, we are bound to ask ourselves whence come the goods or the moneys with which we are paying for our increasing supplies. The vast increase in imports must mean either that we are investing more and more money abroad each year; that our investments abroad are becoming every year more productive; or that the other nations which supply us are rapidly wiping out their indebtedness to us. The first two alternatives are impossible, for it is certain that we are not exporting bullion to pay for our excess of imports, and, the only other form our payment could take being goods, it is equally certain from our export returns that exports do not pay the difference; nor would there be any use in contending that the foreign markets in which we are at our wits' end to keep our place, are becoming a greater source of profit to us.

When the disparity between imports and exports was smaller—take the period 1872-79—the exports were swollen by the loans and investments we were then placing out; and, if

we say that we are still investing abroad to any appreciable extent, we must recollect that whatever sum we are thus sending out of the country must appear in our export returns, and would thus tell against our calculations as to manufactures of which these figures are said to be mainly representative.

If it be argued that the goods which we send abroad are subject to an increase or a decrease in value before they reach their destination, while it must be admitted that "the pound value assigned to imports is not necessarily or often equivalent to the pound of export," it must be remembered that we are merely comparing the values of goods on board ship, as it were, with a view to arriving at an idea of the trade done. But, over and above this, the additional value of the goods—supposing there be an additional value—acquired by reason of their changed location, does not alter the inferences to be drawn from an accelerated rate of excess of imports over exports, or *vice versa*, because these additional values, so far as not already reckoned upon and therefore included in our figures, are trade profits, and are, if we are to credit the unanimous evidence of our manufacturers, being everywhere reduced under the influence of increasing competition; and they certainly cannot be said to be increas-

ing at a rate proportionate to the rate of increase of our imports.

But, putting aside our manufactures for export for the present, our export figures cannot be held to show an exportation of capital in any great degree. Will it be contended then that the interest on our capital invested abroad, which must thus be a more or less fixed amount, is equal, or is likely to remain equal, to the heavy and increasing burden of our supplies as indicated in our import returns? He would indeed be an optimist of a mystic school who would assure us in the face of the figures that we are increasing our investments abroad in a degree at all commensurate with the increase in value of our imported supplies for domestic consumption.

Yet, if it be replied that we are passing through a period of depression, and that with the forward swing of the pendulum our investments abroad will again increase, let us revert to our figures and see what tendencies they evince.

We have quoted £62,500,000 sterling as the *minimum* interest on our foreign investments upon the authority of the Board of Trade, but we may inquire what claim to accuracy this estimate possesses. The profits that could be

identified as foreign for income-tax purposes rose only from £54,500,000 in 1891-92 to £62,500,000 in 1901-02—an increase of but £8,000,000 in ten years ; and, to add to our scepticism, we are reminded that a part of this small increase is due to the greater stringency exercised by the revenue collecting department. Moreover, there is no deduction made for the rebates (themselves amounting to the tax on about £8,000,000 per annum) remitted to foreigners and other residents abroad. But there is yet another grave defect in any argument based upon income-tax returns, and that is, that the income is charged many times over as it circulates through different hands.

Now as to the income derivable from foreign manufacturing enterprise, we should naturally experience great difficulty in forming any definite estimate of its magnitude ; but, without attempting that task, we have many reasons for thinking that it offers but little hope of augmenting our figures to any considerable extent. The incomes derived from trade abroad are likely to decrease not only by reason of the growing competition in foreign trade, but by reason of the tendency of the traders themselves to sever domestic relations with the old country, and to become naturalised subjects, or, at any

rate, domiciled residents in the country in which they carry on their trade.

If, in the absence of statistical evidence, it still be thought that capital is making its way clandestinely to other countries, and if it be said that the interest on these concealable and concealed investments is returning in our imports, it might not be amiss to ask ourselves what, considering the internal condition of our country, is the inference to be drawn from the export of capital. Investments are made abroad either through the superabundance of capital at home, or through the existence of circumstances which make the foreign market likely to be more stable and productive. Some stress has been laid upon the patriotic impulse as strengthening the argument in favour of the investor's domicile, but it is to be feared that patriotism is usually little more than a sentiment called to the aid of bad argument, or a casting vote used to overcome an equivalency of reasons. At all events it is a virtue seldom practised by investors who, as a class, do not scruple to seek their *spolia opima* where they are most easily taken. This is but human in the investor, and, while nobody would suggest the restriction of his liberty in this respect, it may be asked whether the conditions which determine his choice cannot be

regulated. Capital thus exported, so far from indicating prosperity in the export returns which embody it, is properly an evidence of decadence, for it is so much money sent abroad to be devoted to the employment of foreign labour, when it might, under different circumstances, be profitably utilised for the reduction of the number of unemployed at home. Neither are the import returns which embody the interest upon such capital rightly to be regarded as affording—to the extent of that interest—an index to the wealth, *i.e.*, the purchasing capacity of the importing country.

If the demand for commodities for final consumption is satisfied by the foreign instead of by the home market, and, if that demand considerably exceeds the demands made upon us by those who supply us, we may well begin to think that too much of our capital has already fallen into the hands of others, and is, therefore, enriching the borrowers beyond the value of its income to us.

If these points are sound, and appearances must be allowed to be in their favour, our invisible exports are obviously not increasing as they should do in respect of investments, and they cannot be said to be productive of an interest which pays its share—or anything like its

share—of the extraordinary increases in our imports.

Let us turn now to our other hope. Are our invisible exports increasing in respect of the earnings of our sea-carrying trade? Here again we find ourselves confronted with evidence similar to that which meets us in the case of our investments abroad.

It cannot be denied that our shipping is increasing at a rapid pace; but the shipping of other nations is not stationary. In 1873 Great Britain and her Colonies owned 43·25 per cent., and in 1880 52 per cent., of the tonnage of the world's shipping; but, while the British and Colonial shipping maintained its rate of increase down to 1900, it then represented only 48·65 per cent. of the world's tonnage, and a decrease in its foreign trade took place in favour of trade with the Colonies.

The growing system of bounties and subsidies by which foreign countries, especially the United States and Germany, encourage the expansion of their merchant marines, has naturally affected the degree of predominance which was once the boast of the British sea-carrying trade. Just as other nations are utilising their own resources more and more to supply their own wants, so they are striving hard, and with every

symptom of success, to do more of their own carrying trade.¹

The importance of our shipping as a source of revenue is insisted upon by all economists, but, apart from the fact that the tendencies of international trade might justify a suspicion that this branch of trade could not long remain unassailed, there is definite cause for concern in the figures which from their magnitude are more frequently used to assist in a popular type of platform gasconade. They show that the United Kingdom is still holding a strong pre-eminence, and yet they display a clear yielding before the forces of competition; and we must consider how natural it is that when other nations make enormous strides ahead in other respects—where the figures of their trade returns exhibit a rapidity of upward movement unparalleled except, perhaps, in the case of England in her most prosperous days—they should direct some of their attacking forces against our sea-carrying trade.

The tendencies, which the figures illustrate, are a decline in the proportion which British bears to foreign shipping, and a transference of

¹The value of purely German traffic with British Possessions in East Africa rose, under the influence of the German subsidised line of steamers thither, from £300,900 in 1891 to £955,600 in 1898.—*Report of the Chamber of Shipping*, 1904.

the trade of foreign countries to foreign vessels.
The figures are :—

TOTAL TONNAGE OF BRITISH SHIPPING, WITH CARGOES AND IN BALLAST, ENTERED AND CLEARED IN THE FOREIGN TRADE OF THE UNITED KINGDOM.

	British— million tons.	Foreign— million tons.
1883	47	18
1884	47	18
1885	46	18
1886	46	17
1887	48	17
1888	52	18
1889	52	20
1890	54	20
1891	54	21
1892	54	22
1893	54	20
1894	59	22
1895	59	22
1896	62	23
1897	64	26
1898	64	27
1899	66	32
1900	62	36
1901	64	34
1902	64	36

From these figures it will be seen that since 1883 the United Kingdom has added 17,000,000 tons to its shipping, while other nations have added 18,000,000 tons to theirs; or, if we con-

sider a period of ten years only, we find that since 1893 the United Kingdom added but 10,000,000 tons to its total while other nations added 16,000,000 tons to theirs. In other words, in the twenty years, 1883-1902, British shipping increased by 36 per cent. while foreign tonnage increased by 100 per cent. In the five years, 1896-1902 British tonnage increased only from 62,000,000 to 64,000,000 in comparison with a foreign increase from 23,000,000 to 36,000,000—an absolute increase of over six times the British gain.

These figures, which are those of the Board of Trade, are, of course, open to objections, but they are the only available statistics, and it is most improbable that the extent of their inaccuracy is great enough to affect materially their interrelations. They make it abundantly clear that the supremacy of the British merchant marine is not in any sense unchallenged; and, considering the tendencies of the figures themselves together with the attitude of other nations towards our position, evidence is not wanting of an attack, something more than inchoate, upon our ocean-carrying trade.

The exclusion of British shipping from the coasting trade of such countries as the United States, Russia, and France, whose littorals are

often exaggerated into the inclusion of debatable spheres of influence; the increasing purchases of vessels from England, and the extending policies of bounties upon construction and mail subsidies, afford evidence strongly confirmatory of the movements of the figures.

The following table will show that our position as regards the colonial shipping trade has strengthened at the expense of the foreigner :—

ENTRANCES AND CLEARANCES AT THE PRINCIPAL
COLONIAL PORTS.¹

	1900.		1890.	
Total British and foreign -	Tons.	p.c.	Tons.	p.c.
British share -	60,514,000	—	37,151,000	—
Foreign share -	48,769,000	80·6	28,909,000	77·8
	11,745,000	19·4	8,242,000	22·2
	1890-1900.		1880-1890.	
British increase -	Tons.	p.c.	Tons.	p.c.
Foreign increase -	19,860,000	68·7	8,309,000 ²	58·6
	3,503,000	42·5	4,176,000 ²	131·

“In 1900,” says the writer of an article in *The Times*, which embodies the above table, “we had as much as 80·6 per cent. of all the en-

¹ *The Times*, 25th September, 1903.

² Excluding trade at British Indian ports.

trances and clearances, an advance on the proportion of 77·8 per cent. held in 1890. The foreign share has fallen in the same period from 22·2 per cent. to 19·4 per cent. The British increase during the ten years 1890-1900 was as much as 19,860,000 tons, or about five and a half times as great as the corresponding foreign increase, and the percentage of increase on the figures for 1890 was 68·7 per cent. as against 42·5 per cent. in the case of the foreigner."

Actual control of, or favourable arrangements with, the transport companies is the avowed ambition of the larger industrial combinations in America; and there can be little doubt that without such control, or some special privileges, the commercial expansion which they have in view would be handicapped, if not rendered impossible. If evidence be wanting that the foreigner sees, in the preponderance of the British ocean-carrying trade, an obstacle to his world projects—and it must not be forgotten that he has already secured favourable treatment from railway companies, even in England—we find his recognition of the fact, coupled with an emphatic expression of his aspirations, in the words of Mr. Schwab: "It seems to me that the greatest trust we could form would be

a trust of shipbuilders. If you should decide to form a trust of this kind, and, if you are in need of an organiser, I am here. On the day on which you are ready to create a great merchant marine, you will find the United States Steel Corporation ready to enter into competition with all the steel manufacturers of the world, and its prices will not be the highest. I firmly believe that the United States will soon dominate the commerce of the world.”¹

One point more in reference to our shipping: dependent as we are upon food supplies from abroad, if once our mercantile marine loses its supremacy we are no longer assured of our food in time of war, and the primary function of a navy, upon which we have spared no expense, is taken from it for ever.

The conclusion, then, to which these considerations drive us, is that of the two sources to which we have been complacently looking for the means of defraying the cost of our imports for final consumption—unless all estimates fall very far short of the mark—we can place little trust in either.

¹ It is due to Mr. Schwab's oratory to mention that, in the absence of the original report, his words, as here given, have been translated back into English from a report in the *Economiste Français* of 7th Dec., 1901.

We are thus compelled to turn to our manufacturing progress in the direction of export trade. Is it true, as Sir R. Giffen stated some years back, that, were we to lose the whole of our export trade, "the loss would be a most measurable, and by no means a fatal injury"?¹ Taking the earnings of the people of the United Kingdom at about £1,200,000,000 sterling a year, he asked how much of that income is derived from foreign exports. His reply estimate is £140,000,000—"a tenth or a twelfth of our aggregate annual income". It is, indeed, a fraction of the interest on the whole of our capital, but the fraction is of more importance to England under present conditions than are the other nine-tenths or eleven-twelfths of our annual income, in that it represents the purchasing power of the country to obtain the means of subsistence.

Sir R. Giffen has pointed with pride to the enormous and increasing wealth of the kingdom—house property, manufactures, railways, mines and quarries generally increasing in value, and he has asserted that so long as the income drawn from all the capital invested in the United Kingdom as well as from that invested abroad is not exhausted in paying for our supplies, we cannot justly be said to be encroaching upon our capital.

¹ *Essays on Finance*, second series, p. 149.

Let him have the answer of a statistician who was a member of the society of which he was so illustrious a president, and who shared his views upon fiscal policy : " In relation to the rest of the world our only income is that which we have power to spend with it. So long as A fattens sheep and B weaves cloth they may with advantage exchange their respective produce, but neither is one step nearer to obtaining the sugar or the fur he requires from abroad. If the producer of these will not take the wool of the one or the cloth of the other both A and B must go without. Nor is the real nature of the transaction at all altered because C and D come between them, buying from the one and selling to the other. Let the money, which is simply the medium of exchange, be sent out of the country to pay the sugar planter in Jamaica or the hunter in North America, and neither A nor B will long have any. Suppose the £140,000,000 assumed to be the profits of our foreign trade to be lost, then we should necessarily have by so much to reduce our imports, for if we attempted to pay for them in bullion national bankruptcy must speedily ensue." ¹ Of course Sir R. Giffen made the assumption for purely hypothetical

¹ *Trade, Population and Food*, Bourne, p. 151.

purposes, but the dependence of the United Kingdom upon foreign countries for corn and meat renders his conclusion, under the hypothesis, the opposite to that he desired. Though our country were to become the repository of

All the wealth that loads the breeze
When India's ships return from Coromandel's seas

it would avail us nothing in our dealings with other countries, "unless the accumulations be of moveable wealth which we can transport abroad, and even this will be of no avail if we cannot persuade foreigners to take it in exchange for those products of their lands which we need or desire". The one fact which above all others appears to be persistently ignored by those who sing us songs of *placebo* is that unless it can be shown that we are producing and exporting merchandise of such qualities and in such quantities as to be convertible into the imports upon which our very existence depends there is a palpable unsoundness in our system.

If it can be said that, comparatively speaking, the dwindling figures which represent our export trade are due—as indeed they may now and then be due—to a fall in the market prices, it is evident that increased competition and excessive supplies in the world's markets, is the

cause, and this decline in the value of our products renders it all the more imperative that our exports, instead of languishing, should multiply in order to represent the value of our imports.¹

But what is the remedy proposed by Free

¹ While the volume of our exports increases, we find that the increase is mainly made up of coal, and that our textile exports have remained practically stationary since 1881. The following statistics of quantities have been compiled by Mr. Williamson for the Chamber of Shipping:—

EXPORTS OF MANUFACTURES.

Year.	Totals. Tons.		Deduct Textile Fabrics.		General Manufactures.
1869	5,497,828	...	812,606	...	4,685,222
1872	6,597,879	...	1,015,974	...	5,581,905
1878	5,251,294	...	834,409	...	4,416,885
1879	6,065,998	...	868,354	...	5,197,644
1880	7,315,121	...	1,011,222	...	6,303,899
1881	7,413,620	...	1,079,840	...	6,333,780
1882	8,117,168	...	1,210,463	...	6,906,705
1883	8,342,947	...	1,230,525	...	7,112,422
1884	7,693,929	...	1,236,153	...	6,457,776
1885	7,277,194	...	1,192,456	...	6,084,738
1886	7,523,007	...	1,293,789	...	6,229,218
1887	8,426,697	...	1,327,951	...	7,098,746
1888	8,525,614	...	1,341,428	...	7,184,186
1889	8,927,040	...	1,326,683	...	7,600,357
1890	8,843,738	...	1,308,163	...	7,535,575
1891	7,830,513	...	1,249,278	...	6,581,235
1892	7,190,810	...	1,221,870	...	5,968,940
1893	7,000,216	...	1,164,111	...	5,836,105
1894	7,009,746	...	1,240,286	...	5,769,460
1895	7,372,669	...	1,283,560	...	6,089,109
1896	7,993,978	...	1,303,454	...	6,690,524
1897	8,117,127	...	1,185,575	...	6,931,552
1898	7,670,367	...	1,216,114	...	6,454,253
1899	7,942,774	...	1,278,161	...	6,664,613
1900	7,734,004	...	1,189,426	...	6,544,578
1901	7,203,251	...	1,249,020	...	5,954,231
1902	8,142,608	...	1,234,493	...	6,908,115

Trade philosophers? Social improvements—"discountenance of the deep-rooted extravagance and want of economy which characterises the present age," increased diligence coupled with the reduction of wages, the cultivation of temperate habits, extended education, the spread of Christianity, and emigration. Without unduly disparaging the laudable courses suggested, we must venture to think that few, in whose minds a zeal for these virtues has not grown to the intensity of an obsession, will assert that in them can be found the panacea for the ills to which our industrial flesh is heir.

That the State, the employer, or the artisan, will be persuaded to take steps for the reduction of the wages of labour—steps inconsistently recommended by the heirs of the Manchester school—comes not within the eye of human probability. That education contains any hopeful stimulus in the direction of decreasing luxury is not borne out by our experience of an aristocracy nurtured at our great Universities. That Christianity as an intellectual, or as a spiritual force, holds great dominion over commercial, or even over social life, the growth of intemperance, the laxity of morals, and the daily revelations of our law courts, afford no proofs, while a superficial knowledge of the life of the majority of successful

business men offers little support to the altruism of the Christian ideal.¹ And, as to emigration, we must assume that the recommendation amounts to advice to the labourer to follow the manufacturer's capital, not lost but gone before, to other lands.

But to descend from the *Nephelococcygia* of vague suggestion to the prosaic, but more truthful realm of figures, we must not leave out of consideration the question of population. We must compare the growth of population in the United Kingdom with the growth of the populations in the two countries which are to-day her most formidable rivals in trade. The following table will show the comparative increase of population in the United Kingdom, the United States, and Germany, for the thirty years ending 1900:—

	United States. Millions.	Germany. Millions.	United Kingdom. Millions.
1870	38'558	41'010	31'5
1875	44'357	42'727	33'2
1880	50'156	45'234	34'9
1885	56'389	46'856	36'3
1890	62'622	49'428	37'7
1895	69'622	52'280	39'5
1900	75'477	56'367	41'5

¹ Much of their charity is nothing more than the "dumping" of surplus products into promising markets.

The increase during the period taken has been about 37,000,000 for the United States, over 15,000,000 for Germany, and 10,000,000 for the United Kingdom, the addition to the population of the United States between 1870 and 1890 being about equivalent to the total population of the United Kingdom at the present time. Now the most striking feature of these figures does not appear on the surface, *viz.*, the increases that they denote represent mainly additions to the urban populations. The figures showing the number and percentage of the urban populations are remarkable :—

GERMANY.

Census Years.	Population of the German Empire.	Population of Towns, etc. (with at least 2,000 Inhabitants).	Proportion of Urban to total Population.
			Per cent.
1871	41,010,150	14,790,798	36·1
1875	42,727,360	16,657,172	39·0
1880	45,234,061	18,720,530	41·4
1885	46,855,704	20,478,777	43·7
1890	49,428,470	23,243,229	47·0
1895	52,279,901	26,859,511	51·4
1900	56,367,178	30,633,075	54·3

UNITED STATES.

Census Years.	Population of the United States.	Population of Cities having 8,000 Inhabitants or more.	Proportion of Urban to total Population.
			Per cent.
1790	3,929,214	131,472	3'35
1800	5,308,483	210,873	3'97
1810	7,239,881	356,920	4'93
1820	9,633,822	475,135	4'93
1830	12,866,020	864,509	6'72
1840	17,069,453	1,453,994	8'52
1850	23,191,876	2,897,586	12'49
1860	31,443,321	5,072,256	16'13
1870	38,558,371	8,071,875	20'93
1880	50,155,783	11,318,547	22'57
1890	62,622,250	18,272,503	29'18
1900	75,477,467	24,992,199	33'11

In Germany, it will be seen, the increase in the town population was about equal to the increase of the total population in the interval taken, while in the United States, notwithstanding the fact that it is largely an agricultural country, the increase in the urban population was about 17,000,000 out of a total increase of 37,000,000. It will thus be seen that both the United States and Germany are increasing their non-agricultural populations more rapidly than the United Kingdom, and that in this fact alone we have evidence that the industrial pre-eminence

of the last country is threatened. The increases in the urban populations of the first two nations would further show, if it were not well demonstrated by more direct testimony, that it is the struggle for outlets for the products of such an advance in industrialism that is causing the intense competitive strain which characterises international trade.

If now we take the five years' averages of our exports to and imports from the United States and Germany, respectively, for the years 1880-84 and 1896-1900, the position of the United Kingdom will be made clearer :—

	Average of 1880-84.			
	Exports. Million £.	Imports. Million £.	Exports per Head.	Imports per Head.
Germany - -	18·1	25·0	£ s. d. 0 10 3	£ s. d. 0 14 3
United States -	28·7	96·8	0 18 8	2 15 0
	Average of 1896-1900.			
	Exports. Million £.	Imports. Million £.	Exports per Head.	Imports per Head.
Germany - -	23·6 ¹	28·7	£ s. d. 0 11 9	£ s. d. 0 14 3
United States -	18·8	120·9	0 9 4	3 0 2

¹ Excluding the value of new ships and their machinery.

Our export to Germany increased £5,500,000 sterling, but this increase was due chiefly to increased export of coal ; and, as to our imports from that country, the conclusion drawn is that the figures show no sign of the displacement by Germany of our manufactures in the home markets. Nevertheless, the fact remains that a portion of those goods which we formerly imported from that country, and which we used to pay for in other merchandise, now appears to be paid for by the export of coal—a product of which we shall have occasion to speak later.

As to the United States statistics, they show a very great increase in our imports coupled with a considerable falling-off in our exports, which it is said is mainly attributable to tariff charges, particularly as regards woollens.

Our imports from the United States are composed chiefly of the products of agriculture and stock-raising, timber and petroleum. Now, upon looking at the table, which has been compiled from the *Monthly Accounts of Trade and Navigation*, we find that, during these periods, the importation of manufactured articles has been considerable and continuous ; and, although it may be argued that they show that England has been doing an enormous export trade—a trade in which she still surpasses all

the other countries of the world, it will be seen that other countries are beginning to creep up closer upon her. If then we turn again to the statistics of population, we find that the other two great manufacturing countries are yearly increasing their industrial population, and, keeping this in view—although their advance in export has not been *pro rata* with the advance in population—we can readily see why it is we are bound to be overtaken unless some remedy be found. But not only do we fall short in the rate of increase of population, but we are at present making no satisfactory headway in manufacturing for export; and we are actually losing our export trade in woollens to the United States to the value of £2,000,000 per annum through the operation of the American Tariff Act.

If it be affirmed that there is no evidence that we are being displaced in our home markets, it is necessary to inquire the meaning, and the probable result, of the gigantic increase in manufacturing abroad. That increase leaves its unmistakable mark upon our export figures, and if it be replied that our increased import figures simply mean an increased importation of raw and half-finished materials, it may be asked why, if that be the case, so great a hiatus continues to exist between our import and our export figures.

If the increase in our imports was due mainly to the importation of raw materials, then the manufactured articles into which we convert them ought to make some impression on our exports.

If, again, it be said that, despite the tariffs of other nations and the consequent decline of our exports to them, we are at least making progress in neutral markets, little greater consolation is to be found in the figures which represent our position there, although, of course, the impression made by our rivals is not yet so alarming. We have lost proportionately in export to Argentina, Uruguay, Chile, and China, while the United States has been gaining ground in all these countries; and we have even lost headway in our own colonies, where, in the cases of Australia and South Africa, America has been progressing at our expense; while in British North America, British West Indies, and British Guiana, the same displacement of British merchandise by the United States is in progress, though here the contiguity of these colonies with the American continent may be deemed an extenuating circumstance.

The following tables show the positions of the United Kingdom, the United States, and Germany in neutral markets :—

PROPORTION OF IMPORTS FROM UNITED KINGDOM.

	Average of 1884-85.	Average of 1890-92.	Average of 1893-95.	Average of 1898-1900.
	Per cent.	Per cent.	Per cent.	Per cent.
¹ European countries, excluding United Kingdom - -	18	17	16	15
Egypt - - - - -	39	37	34	38
American countries: Argentine Republic, Uruguay, and Chile (excluding United States) - - - -	35	40	39	35
China - - - - -	25	21	18	17
Japan - - - - -	45	34	33	21
British Possessions - -	54	51	52	45

PROPORTION OF IMPORTS FROM UNITED STATES.

	Average of 1884-85.	Average of 1890-92.	Average of 1893-95.	Average of 1898-1900.
	Per cent.	Per cent.	Per cent.	Per cent.
¹ European countries, excluding United Kingdom - -	6	9	9	13
Egypt - - - - -	1	0.4	0.5	2
American countries: Argentine Republic, Uruguay, and Chile (excluding United States) - - - -	8	7	8	11
China - - - - -	3	4	4	8
Japan - - - - -	9	9	8	15
British Possessions - -	8.6	8.1	8.5	11.8

¹ Excluding Austria-Hungary.

PROPORTION OF IMPORTS FROM GERMANY.

	Average of 1884-85.	Average of 1890-92.	Average of 1893-95.	Average of 1898-1900.
	Per cent.	Per cent.	Per cent.	Per cent.
¹ European countries, excluding Germany and United Kingdom - - - -	18	16	16	18
Egypt - - - - -	0.4	2	2	3
American countries: United States, Argentine Republic, Uruguay, and Chile - -	11	12	12	12
China - - - - -	—	—	—	—
Japan - - - - -	7	8	7	8
British Possessions - -	0.8	2.4	2.1	2.8

These are not figures which can be safely ignored simply because England holds, or once held, a predominant position which long remained unchallenged. The figures which show the advance of such manufacturing countries as the United States and Germany, and the recent course of events which indicates their designs, compel the attention of all but the members of that school of Chauvinism which considers the challenges of monied *parvenus* as best treated with a patrician contempt.

A further remarkable confirmation of the inferences drawn from comparative statistics of population is to be found in the figures representing

¹ Excluding Austria-Hungary.

the production and consumption of coal; for where we find a marked increase in coal production accompanied by an increase in urban population, the evidence of increased industrialism is irrefragable.

COAL PRODUCTION.

	1870-74. Millions of Tons.	1890-94. Millions of Tons.	1896-1900. Millions of Tons.
United Kingdom -	120	180	209
Germany - -	32	73	97
United States -	¹ 42	153	203

ESTIMATED QUANTITY OF COAL CONSUMED.

	1883. Millions of Tons.	1900. Millions of Tons.
United Kingdom -	134	167
Germany - - -	49	99
United States - -	102½	235

Although these figures do not include bunker coal, the addition, while it would be considerable, would not alter the tendencies indicated. It will be seen that the absolute increase in the United States was more than four times the absolute increase in the United Kingdom.

If we now turn to the exports of domestic produce by the countries whose figures we are

¹ Average of three years, 1870-74.

considering, we find that these again confirm the inferences drawn from the other statistics :—

	Average, 1880-84. Million £.	Average, 1896-1900. Million £.	Increase. Amount. Million £.	Per cent.
United Kingdom -	234	249	15	6·4
Germany - -	156	192	36	23·1
United States -	166	237	71	42·8

The figures from which the United States and Germany started were, of course, very much lower than those of the United Kingdom ; and the figures for the United Kingdom and Germany do not include the values of exported machinery and ships ; but, allowing for these omissions, we find that the rate of increase has been much greater in the cases of the United States and Germany than in the case of the United Kingdom, and that we are fast being overhauled by the United States.

Will it be said that this is a state of affairs that is only ephemeral? Is it probable, as the advocates of inaction suggest, that the pendulum will swing again in our favour while influenced by the forces which these statistics represent? Assuredly there are cycles of prosperity and of depression for whose advent it is often difficult, if not impossible, to account—cycles which appear to be dependent upon something even deeper

and subtler than the causes of war, pestilence and famine—but have we reasonable grounds for asserting that our present position in the world of industry is solely due to those occult influences? The figures of population, coal, production, export, all point the same way, and, taken together, form arguments of a cumulative force which it is impossible to ignore, and which will not permit us to take refuge in the trade-cycle belief. Nor, is this *rusticus-expectat* attitude likely to lend us comfort while we contemplate the play of economic forces which cannot enter into the composition of this undulatory theory of trade which is frequently nothing more than the sheet-anchor of a lazy, unenterprising optimism. The depression mirrored in the figures we have given cannot be ascribed to esoteric causes. The influences at work are only too apparent to any one who reads the Board of Trade returns, and who looks behind the “directors’ report” with which these publications are prefaced.

If we turn to our exports of coal our position is not improved. We are increasing our export of coal to such an extent, that, after a period of twenty years, we find ourselves exporting more than once and a half as much again as we did in 1883. The increase in our export of this product might not be deprecated but for the facts

that coal, particularly in its best qualities, is an exhaustible product, and that it is playing a part in our export figures which is succedaneous rather than augmentative. In other words, we find a tendency, only too obvious, to pay for our increasing purchases in coal instead of in manufactures. The following table compiled by Mr. D. A. Thomas and embodied by him in a paper read before the Royal Statistical Society, in May, 1903, will show the movement of our export trade down to 1900, since which date there has been no diminution in the quantities :—

STATEMENT SHOWING THE GROWTH OF THE EXPORT OF COAL COMPARED WITH THAT OF PRODUCTION, ETC., FROM 1850 TO 1900.

	Production of Coal in the United Kingdom.	Export of Coal, Coke and Patent Fuel, including Bunkers.	Percentage of Export to Production.	Remaining for Home Consumption.	Consumption per head of the Population.	Total value of all Exports.	Value of Coal Exports.	Percentage of Coal value to that of total Exports.
	In million tons.	In million tons.		In million tons.	In tons.	In million £'s.	In million £'s.	
1850	56·0 ¹	3·8 ²	6·8	52·2	1·91	71·4	1·4 ³	2·0
1860	80·0	8·4 ²	10·5	71·6	2·49	135·8	3·7 ³	2·7
1870	110·4	14·1 ²	12·8	96·3	3·11	199·6	6·7 ³	3·4
1880	147·0	23·9	16·3	123·1	3·56	223·0	10·8 ³	4·8
1890	181·6	38·7	21·3	142·9	3·81	263·5	23·9 ³	9·0
1900	225·2	58·4	25·9	166·8	4·08	291·2	48·3 ³	16·6

¹ Estimated. ² Including estimated quantity of bunker coal.

³ Bunker coal not added to total values, but included here, and estimated to be of the same average value per ton as exported coal. Cited by Prof. Ashley in *The Tariff Problem*.

If we take volumes instead of values the case becomes, if possible, clearer still. Our exports have been analysed as follows by Mr. John Williamson, of Liverpool :—¹

Year.	Exports. Tons.	Deduct Coal, Coke and Bunkers.	British Manufactures.
1869	16,086,253	10,588,425	5,497,828
1872	19,796,363	13,198,494	6,597,869
1878	24,763,937	19,512,643	5,251,294
1879	26,909,418	20,843,420	6,065,998
1880	30,943,748	23,628,627	7,315,121
1881	32,232,806	24,819,186	7,413,620
1882	34,651,152	26,533,984	8,117,168
1883	37,514,889	29,171,942	8,342,947
1884	37,652,621	29,958,692	7,693,929
1885	37,725,828	30,448,634	7,277,194
1886	37,506,205	29,983,198	7,523,007
1887	39,750,094	31,323,397	8,426,697
1888	42,615,469	34,089,855	8,525,614
1889	45,637,963	36,710,923	8,927,040
1890	47,070,170	38,226,432	8,843,738
1891	47,450,724	39,620,211	7,830,513
1892	46,248,555	39,057,745	7,190,810
1893	44,171,702	37,171,486	7,000,216
1894	49,371,961	42,362,215	7,009,746
1895	49,892,118	42,519,449	7,372,669
1896	52,193,360	44,199,382	7,993,978
1897	55,675,023	47,557,896	8,117,127
1898	55,480,723	47,810,356	7,670,367
1899	62,554,178	54,611,404	7,942,774
1900	65,584,548	57,850,544	7,734,004
1901	64,555,996	57,352,745	7,203,251
1902	68,188,570	60,045,962	8,142,608

¹ *Report of the Chamber of Shipping, 1904.*

If, in considering the foregoing facts and figures, we concern ourselves with the dynamics of trade, instead of resting satisfied with putting to our minds the questions which the Board of Trade invariably propounds, as to whether we are maintaining a steady trade in foreign markets, etc., we find that of the sources from which we obtain the means of settling our accounts, there is not one on which we can base an ardent hope. First, it would appear that the net interest on our investments abroad is being drawn upon to its full capacity, and that there is no satisfactory evidence either that the principal is increasing in productiveness, or that it is being augmented to a degree at all proportionate to the growing capital sum which our excess of imports would represent ; second, that the earnings of our merchant service show no signs of increase at a speed compatible with that of the increase in our imports ; and, third, that, considering the growing competition in foreign and neutral markets, the return upon our trading cannot be as great as it has hitherto been. No matter what proportion of our excess of imports we assign to shipping earnings, and to interest on loans abroad respectively, it is impossible to show in either case, or in both cases, that the rate of increase in value is equal to the rate of increase in value of our imports.

CHAPTER IV.

"DUMPING."

The comparison of international dumping with "cheap sales" is erroneous—A hypothetical case—The motives of dumping not always the same—Its malignant and benignant forms—The Board of Trade evidence—How Free Trade helps the American to benefit by the law of increasing returns—The future cartels—Their propable evolution—The benefits derived by manufacturers from the use of dumped goods—The action of the trusts and cartels in competition—Shipbuilding with dumped materials—The failure to utilise our own resources to their full extent—Our advantages in the iron and steel trade—The protective remedy.

ONE of the chief arguments heard upon the reformer's platform in favour of some measure of protection is an appreciation of the injury done to British industries by the unrestricted sale by foreigners, principally the merchants of the United States and Germany, of certain kinds of merchandise below what is here deemed a profitable price, or indeed below the cost of production in this country and even in the country of their origin. That such a practice exists is indisputable, but that the practice extends beyond a mere unloading abroad of stocks

originally manufactured to meet an overestimated home demand, is questioned by the Free Trade party who compare the process of thus disposing of surplus stocks with the drapers' sales which occur annually in most countries. The comparison, it must be noted, is hardly an appropriate one, in that, under existing circumstances, the drapers, in placing upon the market, at a reduced rate, stocks which they do not wish to hold over for another season, at the risk, not only of depreciations caused through storage, but of changes in the fashions, are still enabled, while selling at "sacrifice prices," to profit, to some extent, by the fact that the commercial considerations which necessitate their sales affect all competitors in the trade alike, and thus do not destroy the element of fair competition ; whereas, in the case of goods "dumped" into this country by other nations, the injuries which our manufacturers suffer at the hands of the foreigners cannot be avenged by a return blow of equal strength at such times as surplus stocks hang heavy on our merchants' hands, by reason of the protective tariffs adopted by the rival countries. To take a concrete case : Suppose that, in England, the conditions rendering sale "at a sacrifice" expedient, did not synchronise in the case of two tradesmen

who had the same class of goods to sell ; suppose that tradesman A opened his sale of surplus stock in January, and that, by doing so, he materially injured tradesman B, whose customers went in a body to A's sale and purchased there the very articles which they otherwise would have bought from B. B here suffers a loss. But he knows that, say, in February, he will be in a position to dispose satisfactorily of *his* surplus stock, and that, in all probability, his cheap sale will draw to his shop as many of A's customers as A's sale drew of his customers. Thus, assuming that the goods are of such a kind that the demand is not speedily glutted, B has the power of striking back under conditions which are more or less favourable according as A or B may be the better judge of the time to act. This is fair competition. But what should we say if A and his customers dwelt in a town surrounded by toll-gates through which B could not deliver his goods except upon payment of dues, which, with the cost of carriage, added to his sale prices, brought them up to, if not over, the prices at which A could sell in the ordinary course of his business? Such is the case in protected countries. Now it is contended that, while B may suffer, B's fellow-townsmen, the consumers of the articles which A and B are selling, are

benefiting, as no doubt they are, by being able periodically to obtain a number of indispensable articles at cost price or less ; that they, being thus accommodated by A's practices are the wealthier in the end, that even B himself is benefited indirectly, and that this community must therefore surpass in prosperity that which is subjected to the commercial tyranny of A who feels himself beyond harmful competition. B's fellow-townsmen are better off ; they have the advantage over A's servile *clientèle*, but, if among B's fellow-townsmen there happened to be a practical economist, who knew something of the sources of wealth in a community, he would, without considering B, who is a mere unit, call upon the people and warn them that, while he did not blame them for buying in the cheapest market, if the industries of such men as B are to perish by the conduct of such men as A, they will not be better off but worse off in the long run. He would remind them that upon the products of B and others depended the supply of wealth with which they were so ready to purchase A's cheap goods ; and that if B and his fellow-tradesmen and manufacturers were to disappear from among them, they might no longer have the means wherewith to purchase the goods of A, no matter how cheaply he might declare him-

self ready to sell. Then, doubtless, somebody in the economist's audience would exclaim : " Why cannot B give up this business which, after all his years of experience, he cannot conduct in a profitable competition with others, and turn his hand to something else ? " And another interrupter might inquire what B was fitted for, whereupon somebody would be sure to declare that there is always employment for a man who is willing to work. Now B, having heard this debate, and being a child so far as concerns matters outside the trade to which he was brought up, thinks that there might be some good reason in words uttered with such an oracular air as the speakers adopt, and, going home, straightway he sells out his stock and plant for what they will bring, and, luckily, finding that he obtains enough money to start himself in a small way in another business, he turns his hand to something else. However, not having served his time to his new calling, and being looked upon askance by those who are already in the trade, and who take elaborate precautions that the newcomer shall not learn their methods with ease, he well nigh exhausts his capital, his savings, and his perseverance, in the upward struggle and in the blunders which inexperience begets. But at last, by industry and care, he raises himself to

a level at which he finds himself beginning to obtain some share of the business of which his rivals originally possessed the whole. Meanwhile A, having met with the other merchants of his town, and having related to them with gusto how he extended his business at B's expense, and how, having extinguished B, he is now selling to B's former customers at a higher price than that at which B was ever able to sell, they determine to imitate such remunerative enterprise; and they thereupon emulate A's tactics, and, as chance would have it, they happen to be in the very business which B has taken up anew.

The same results follow their operations, and poor B and his fellow traders find it no longer possible to live by their trades, while B, being least established, again puts up his shutters to go in search of that employment which he is told is ever waiting for those who are willing to accept it. But he soon finds that the mere will to work is not sufficient, learning that if wishes were horses beggars would ride, and, as likely as not, when he possesses no credentials and when he relates his history, the prospective employer grows suspicious of a man who has had so many irons in the fire and made nothing out of any of them. "In any case," says the em-

ployer, "the only work you say you can do is no longer carried on in this town. If, instead of being a draper or a watchmaker, you had been almost anything else, you might have helped me to make jam and pickles. Why not emigrate? I hear that in A's town there is abundance of work for men of your trade." Let us assume that, disgusted with the prospects of employment, and, after having again gathered together some little capital, B takes this advice. He emigrates to A's town, and, let us say, starts in business. His first discovery is that the cost of living is greater than in his old home, by reason of the exemption from foreign competition which A and his townsmen enjoy; and he finds that, to continue his former mode of life, he must obtain profits higher than those he had made in his former abode. There is not much difficulty in that, for the very tolls, which militated against him before, now offer him facilities, not only for reaping better profits on what he succeeds in selling in A's town, but for establishing a trade with his former domicile. Now, by virtue of his having all the advantages which were once enjoyed only by his rivals, he is placed on a footing equal to theirs in all respects save those of ability and skill. Some of the people in B's old town point with pride to his

courage and enterprise, and some go so far as to claim that, through the agency of B, the town has captured a foreign market; and they demonstrate how that, having carried the war into the enemy's camp, he, so virtuous a citizen, will, without fail, maintain the ties of blood and sentiment which bind him to his own people, and will, therefore, return one day laden with spoils, or, if his campaign be a protracted one, will send home much silver and gold to be expended for the benefit of his *quondam* comrades. But B, who is subjected to the rough handlings of competition in his new field of enterprise, grows ambitious of possessing an outlet for so much of his wares as he does not succeed in selling profitably at home, and, especially during such "slumps" in business, as come, like death, to all men soon or late, he must, like his rival traders, be able to export what goods a sudden fall in demand leaves upon his hands. Accordingly he selects—such is his patriotic sentiment, or his homing instinct—his old town as the market he desires most to expand in his favour. But, having sent a traveller thither, he receives a report which informs him that, unless he can sell these goods at little more than the cost of manufacture, he cannot hope to compete with A and his clique who originally drove him from his position, and who,

when they heard of his intended return, prepared to lower their prices out of all fair proportions, believing that they had not yet nursed his former public through the tentativeness of infancy to the maturity of fixed ideas. This dispatch astonishes B, who thought that, having divested himself of the difficulties of the toll-dues, he had established himself in a fair position to compete with the world. However, he proceeds to make inquiries; and he finds that A and his brother traders have actually banded themselves together, not only for the purpose of maintaining prices at home, but with a view to producing on such a large scale that, when the demand at home is great, extensive production being cheaper, their profits are better, and that, when the demand at home slackens, they need not slow down work, but may export what surplus they have failed to dispose of to B's old town and there sell it at a figure which no single trader could afford to quote. Now B's patriotic heart bleeds for his old town-folk, but his trade and his banking-account are in an alien town, and he is reluctantly persuaded to throw in his lot with the association of traders which formerly reduced him to such straits.

These relations between A and B and their consumers are analogous to those existent under modern international trade conditions.

But the reality of some of the happenings is questioned. For instance, it is asked, first of all, whether the intent of the alien trader is wicked or charitable, or merely a form of selfishness which is innocuous to others. It cannot be pretended, despite the proclamations of sundry advertisers, that there is much pure altruism in commerce. Therefore, we may take it that it is not charitable, at any rate in the best sense of the word. Is it then a mere indifference to us that leads the foreigner to rid himself of stocks which he cannot see his way to store, and which he manufactured because he found it safer to keep his engines going during a temporary lull in business? It is admitted that this case covers some of the instances of the dumping from which British manufacturers suffer.

But are the intents wicked? Does the foreign manufacturer, with malice prepense, produce a large quantity of stuff over and above what he knows will be sufficient to supply his domestic demand, in order that, by reason of the higher prices he can get under protection at home, he may systematically undersell the Englishman in his own market and eventually drive him out of business to the end that he may annex the trade? Is there evidence of such a proceeding?

The Board of Trade professes to be unable

to see any. But let us examine some of the evidence in which that department fails to detect anything symptomatic of what we shall call the malignant form of dumping, *i.e.*, dumping, the primary object of which is the capture of foreign markets, not merely with a view to using them as a convenience at odd intervals, but with a view to establishing a permanent export trade upon a profitable basis.

Taking up first the Report of the Industrial Commission in the United States in 1900, we find the following phrases used by the witnesses as expressing their object in selling for export below domestic prices: "To obtain the largest possible foreign distribution"; "to gain a firm foothold in the various markets of the world"; "to meet foreign competitors"; "to establish trade abroad"; "to get a footing"; "doing it to make a market"; "it is only a question of time . . . when we shall control the iron and steel markets of the world"; "to keep the market"; "to secure a hold upon the market"; "to build up a considerable export business".

If these avowals of motive do not convince the Board of Trade and the Prime Minister that dumping is systematically practised, their minds are subject to philosophic doubts which do not preoccupy the mind of the "man in the street".

It may be said that the idea is to make the export trade serve merely as a permanent safety valve for those large factories, or groups of factories, whose plant and staff have been enlarged to a degree which would be dangerous otherwise. But, if there is no ulterior motive, the American must be the victim of greater obtuseness of intellect than he is ordinarily believed to possess.

Mr. King, the vice-president of the firm of Messrs. Jones & Laughlin, upon being asked how their export prices compared with their home prices, replied: "I think they are somewhat lower, perhaps, but this, you will understand, is not done from choice, but for the reason that a manufacturer cannot run his mill to the best advantage unless he runs full, and it is better that this surplus that cannot be sold in this country should be sold a little cheaper, if necessary, to save the loss of limiting the output". This means, in other words, that the American manufacturer has come to a fuller understanding of what is known to economists as the law of increasing returns, that is to say, he is always ready so far to reduce the cost of production by extending his works, that even if, in some cases, he were to give away *gratis*, a certain portion, or to sell at less than "cost price" a little larger portion of his output, he would all the while make such

a profit out of the sale of the entire output, taking it as a whole, as would, considering the diminished cost of producing a larger quantity, amply repay for the enlargement of his factory.

Mr. White, president of the National Salt Company, a combine which controls about 80 per cent. of the salt production of the United States, stated that his trust sells for export at about 15 per cent. less than the current price in San Francisco ; and, when asked to explain the difference, answered : " Competition—that is all ; " the general policy being that, in the face of this competition, they sell low, sometimes at a loss in the export, and then recoup themselves "*off the general market*".

This, however, can scarcely be called an American idiosyncrasy, for it is a policy which is not only frequently adopted on the Continent, but which is followed in the domestic trade rivalry of the United Kingdom. But, in respect of international trade, it will be seen that, on the part of a Free Trade country, this dumping of exports becomes, if not practically impossible, at least a considerably less profitable practice.

The main idea underlying American dumping would appear to be the building up of an export trade, and it cannot be gainsaid that the bulk of the evidence given before the Industrial Com-

mission in the United States goes to show that the cases of dumping adduced are not merely instances of the utilisation of other countries as "dumping heaps" on which to throw stock which was produced to meet a home demand, the dimensions of which disappointed the manufacturer's expectations, but that they are really premeditated moves made with the set purpose of gaining and holding a new market. Now if this be the avowed, and the real policy of the foreigner, it will hardly be contended that in the creation and the retention of a new market—a market for the establishment of which enormous sacrifices are sometimes made—the American manufacturer is animated only by a desire to have and to hold, as it were, a scavenger country, which may be always ready to relieve him of comparatively worthless superfluities ; and, even if it were shown that this motive alone was at present the mainspring of his actions, it is incredible that a people famous for their commercial perspicacity could fail to perceive that these practices of market-capturing might be well associated with market-stretching, and that, pushed to their natural extreme, the result would be not alone intermittent accommodation, but permanent profit. Could any one assert that if the sale of surpluses, which now bring but the prices of waste products,

might, with a permanently captured market, bring full value, the vendor of these commodities will ever remain content to sell at the low prices?

The continuous cutting of prices, the determination to snatch orders out of the hands of others who consider they have a prescriptive right to them, the ingenious blandishments thought out and practised, a system of secret commissions, so concealed as to escape the censure of the keenest consciences, all the features of the fight point to a desire, even if, as we have shown, it had not been very candidly expressed, to grip firmly the entire market, particularly where Free Trade obtains, so that it may finally become a source of profit as great as, if not greater than, that of the home market.

If further evidence of this form of commercial warfare is necessary,—and we are frequently asked for specific cases, the following facts, supplied to Colonel Lockwood by a well-known firm of hydraulic engineering contractors, were published in *The Times* of 15th February of this year :—

“ The steel tubes for which quotations are given have to be made in special sizes, and the prices are for the delivery of very small lots, the limit being as low as 100 ft. of any one size at a time ; nevertheless, the German charge for solid cold-

drawn mild steel tubes in random lengths to stand a pressure of 4,500 lb. per square inch, with an outside diameter of $\frac{5}{8}$ in. and a bore of $1\frac{3}{4}$ in., can be imported from Germany at 6'45d. per foot run, whereas the English price is 17d., other charges being in the same proportion. The same firm uses considerable quantities of a special quality of steel bars which have to satisfy a very high tensile test to fulfil its specification. The last price for English bars suitable to comply with the conditions laid down was £35 per ton, whereas German bars are being delivered in London for £12 per ton, the quality of the imported material being good and the strength usually from 3 to 4 per cent. higher than the specified tests. This may be regarded as a case of 'dumping' pure and simple, inasmuch as the output of such steel from Germany is very large and is, as a rule, delivered only in the regular standard sizes."

It is, however, mainly the inferences and not the facts, which are in dispute. Let us assume for a moment that we have placed a wrong interpretation upon American language, that we have drawn erroneous and unjustifiable conclusions from the evidence with which we are supplied, and that the Board of Trade view is really correct; let us further assume that all these

cases which, at first sight, looked so alarming, can be explained away, and that what we actually mistook for a malignant growth turns out to be nothing more than a troublesome but ephemeral eruption. We must exercise a little prescience—a function of the mind too often confounded with prophecy—and we must endeavour to grasp the trend of the world's affairs in days when such phenomena as trusts, cartels, rings, and corners, loom big and sometimes terrible. Without assuming that the cases which savour so greatly of malicious motives are fully substantiated, and without declaring that others exist more capable of substantiation, we are bound to ask ourselves whether there is a reasonable probability that a course of action, which is pregnant with promise of golden issue, will be followed by our foreign rivals in the future. That the conditions precedent to success are present, that the temptation is strong and must grow stronger, there can be few to deny. The dumping ground is ready, the most perfect in the world, in a condition almost unfenced enough to suit the views of the most exacting physiocrat.

Let us then return for a moment to what we shall call the benignant, in contradistinction to the malignant, form of dumping, and let us

endeavour to study its operation and to calculate its dynamic tendencies. It is intermittent and accidental rather than continuous and systematic. It is employed purely as a means of keeping machinery going, of working evenly and at full time, during periods of depression. It is an expedient adopted to obviate losses by maintaining a level rate of production. This is the form of the practice in vogue in our other great industrial rival--Germany.

Certain combinations have been formed by the German manufacturers by which, without an absorption of the identity of the combining firms as in the case of trusts, they control the domestic trade, and in times of depression at home dispose of their surplus output abroad by selling off their goods at prices considerably below those at which the same goods are sold in the importing country, and often below the cost of production. These "combines," or cartels act not only as governors of the domestic demand, but, like the United States trusts, they encourage the building up of factories fitted to meet what they consider to be the average, or possibly more than the average, home demand ; and, having done this, they count upon disposing of any surplus production caused by a shrinkage of that demand by exporting at a price which will ensure the

purchase of their goods in the foreign market, and in some cases, *e. g.*, the Kartell of the Wire Nail Trade, they pay bounties on export, reimbursing themselves out of high prices in the home trade. But these syndicates, formidable as they appear to be to the interests of the German consumer, differ in a most important respect, so far as this discussion is concerned, from the American trusts, *viz.*, they lack the belligerent elements which are inherent in the methods of the trust, *i.e.*, the endeavours to open and maintain permanently new markets.

Taking all the evidence made public within the last few years, we cannot discover very convincing traces of that aim at gaining and keeping foreign markets which is the dominant characteristic of American export policy. The consular reports and the trade bulletins to be found in *Ryland's Circular* supply a mass of evidence which, in its cumulative force, appears to demonstrate conclusively the intermittency, and the comparatively undesigning nature of the dumping carried on by these cartels. A few of the expressions to be seen *passim* in these publications, at a time when no fiscal movement disturbed men's minds, will give a clue to the animus of these industrial syndicates: "Another competitor is coming into the field, that is, Ger-

many, who has hitherto been too busy to harass us, but now they want orders, and are looking to this side of the Channel to keep their works going"; "the year 1901 opened with German competition as keen as ever," but from that time until the following June "we hear no more about German competition"; "the German iron trade is doing everything to seek to raise the wind"; "depression existing on the Continent is a source of weakness here"; the sheet steel trade "bids fair to be troubled on account of the withdrawal of German steel bar makers"; "German steel has been withdrawn from our market"; "merchants (in the German tin-plate trade) are now off the markets, having supplied their works for the present"; "the German Wire Rod Syndicate have withdrawn all quotations".

Everything points to the fact that "the Kartell endeavours to avoid production exceeding the requirements of the home market, and its practice, accordingly, is not to encourage an export trade". Of course, as the Board of Trade admits, "it is easy to suppose a state of things in which a Kartell, or a combination of Kartells, might deliberately export at a low price with the principal or the exclusive aim of injuring, and ultimately of entirely ruining and bringing to a close a particular industry

in a foreign country". Again we must remember that "probability is the very guide of life," and we are called upon to consider the likelihood of such an eventuality. At the risk of being dubbed alarmists—and it is curious that provision against a contingency in a community should be deprecated while foresight in the individual is belauded—we must take into account our opponents' possibilities in warfare, even though their depredations up to the present are the consequence of merely industrial guerrillas.

A conspiracy among the chief manufacturers of a foreign country, or countries—for there is no reason why two or more countries should not join to crush a common rival—to sink many millions of capital in England by systematically selling at less than the cost of production with a view to killing off English manufacturers, and to appropriating their markets, is not to be reckoned among the improbable contingencies of international industrial hostilities. If this be thought an extravagantly fatidic statement it will be found to have a foundation in events which brings it well within the range of probability. Of these, we may mention one of a date recent enough to be within the memory of all. In 1889, Mr. Gates of the American Steel and Wire Corporation testified that he

had actually opened negotiations with a view to creating an international agreement in the steel and wire trade, under which Germany and the United States were to divide the world's markets between them. Although the negotiations were abortive, owing to the inability of the parties to agree upon a scale of prices, the mere fact that *pourparlers* were interchanged may be considered a premonitory symptom of future developments.

But let us endeavour to see some of the effects of the modern development of industrial enterprise upon the communities who practise it, and upon those who are said to be its victims. First, the country which relies upon artificial prices at home (*i.e.*, prices which are not subjected to the free play of supply and demand), to insure itself against loss by its exploits in other lands, or against damage through inevitable spells of internal depression, is not in what has hitherto been known as a sound economic position. Its people pay prices for many of their commodities which are out of all true relations with their wealth, while a small section of the community is reaping profits which are not the genuine products of unshackled labour. A minority is thriving at the expense of a majority; the minority has, let us assume, absolute power over the supplies of

the majority ; it is at liberty to restrict, or to enlarge the home supplies, and to raise or to lower prices upon the same scale that " the act of God, or the King's enemies " might do. Therefore, it is said, and rightly said, that the majority suffers to some extent by the extension of the domestic industry. But there are distinctions to be made before we ask these ultimate questions. We must again draw a dividing line between the trust and the cartel, this time, perhaps, in favour of the former. In these great industrial combinations, which comprise sometimes dozens of companies, the object, as we have seen, is to open up and hold, with a view to a profitable export trade, the markets of another country which happens to be supine enough to endure the process. It cannot be denied that, during the experimental stages of the process, the consumers who come under the domination of, or dwell in the same country with, the " combines " must suffer by being compelled to pay abnormal prices for their commodities. Undoubtedly the consumers must indirectly contribute their *quota* to the erection of this great export trade, but it is a mistake to think that, even during the experimental stages, the domestic consumers are suffering unmitigated injury. Employment is certainly increased, and continuous ; and, if liv-

ing be dearer, we have no shortage of recent examples of the manner in which, even unorganised labour, not to speak of union labourers, has contrived to preserve a fairly constant ratio between wages and the cost of living. But of this later. We have pointed out that, after a slow, a costly, and a determined onset, the ultimate object of the combine may be attained, and a large and remunerative export trade may be acquired—a trade yielding profits as great, if not greater than, the home trade. But if, having captured the foreign markets, and having extinguished the last embers of competition, the foreigner raises the prices up to, or above, those which obtained before he began the nefarious practices to which he owes his position, it is asked whether he will not straightway fall a victim to fresh attacks from local enterprise. Undoubtedly he will, if, having filled his belly, he addresses himself to sleep—a hedonistic mode of existence not altogether unheard of in Britain. But this is not a contingency upon which men may reckon with any commercial certainty. The acuteness and the energetic habits which first inspired the “dumper’s” tactics will not readily give place to somnolence while there are other lynx-eyed “dumpers” awaiting the moment to spring. On the contrary, either he will

buy out the new rival whose beginnings are, as a rule, but small and tentative, or he will laugh to scorn the puny efforts of unprotected and unorganised capitalists to get over the same kinds of stubborn "natural protection" which he himself had had to undermine by long and costly processes.

Now when the goal is reached, can the home prices still be maintained at their original factitious figures? Will the consumer continue to pay more than a fair price for his commodity? It is quite probable that no sudden downward movement of prices would take place; it is certainly on the cards that the manufacturers and their middlemen would continue to exhibit the same *auri sacra fames* which characterised them hitherto, and would still strive to eke out the uttermost farthing of the reluctant consumer. But this could not endure. With a large and growing export trade the indebtedness of the countries to which the exports had been sent would—seeing that nations do not pay their debts in bullion—react against the tariffs which fostered the trade, and, unless the tariffs were reduced, or entirely remitted, the country levying them would itself be paying its own duties out of its foreign account. Or, if this did not occur, the imports taken in payment for the ex-

ported commodities would be so plentiful that their prices must fall and so compensate, at all events in some degree, the consumer.

If this be considered an "eschatological" form of argument, if it be objected that such a point of time is too remote to come within the sphere of practical politics, it may be replied that we are dealing with commercial associations, which, unlike some political coteries, do not ordinarily pretend to work for posterity.

Now, as to the cartels, which are, as we have shown, up to the present, the benignant "dumpers," one of two things will probably happen. Either they will develop into full-blown trusts when they find that the industrial expansion of the state in which they are established affords them scope for further advantages to be derived from a greater extension of their premises, and when they realise that an abiding export trade will offer a better degree of protection and profit; or they will suffer extinction at the hands of an irate body of consumers who act through a representative Government. The former appears to be the more likely alternative. We cannot enumerate among our scanty consolations a belief that trusts and cartels, any more than trade unions and public companies, will one day die of a surfeit or of an assault, and

leave this world to the honest, old-time optimist who clings to his outworn faith that there is a divinity that shapes our ends neglect them how we may. If cartels are really trusts in embryo—as there is every reason to think they are—then will the ultimate salvation of the people, among whom they are organised, depend upon the same *dénouement* that has been foreshadowed in the case of trusts. Under the influence of these combinations the cost of living is enhanced, and when we come to ask ourselves what that means, we are confronted with a host of indefinite and confused effects, which are really important ingredients in the condition of a country. Nobody, for instance, could well arrive at any idea of the true loss incurred by the infliction of an artificial payment upon the consumer who is, so far as other considerations are concerned, subjected to many of those natural economic laws of which our ancestors were so proud. There is not alone the direct and palpable extra expenditure, but there is the more elusive loss of physical efficiency, as well as the intellectual and moral damage consequent upon the slowly realised hopelessness of attempted thrift, and the vague but ever-present sense of injustice and overmastery. But this is placing the modern consumer in a false position. He cannot be compared with his prototype

of the last century. He is no longer free to accept the message of the Free Trade apostles, to do what he wills with his own, and to import his own conditions into every contract. He, too, has his cartel and his trust, his trade union, his political club, his friendly society, to the rules and regulations of which he is bound to give obedience in return for services rendered or promised; he, too, has learnt the expediency of subduing the liberty of the individual to the general weal of a class, and the consumers nowadays, the majority of whom are producers as well, do not lack organisations powerful enough to protect them from excessive taxation in whatever form it may appear. At all events, if the status and the *morale* of the working classes, who form the backbone of the people, and who are usually so pathetically alluded to as the oppressed consumers, are so low in some continental countries that those classes find themselves powerless to redress the wrongs wrought upon them by wealthy corporations, it cannot be alleged that that is the case in the United Kingdom, where the great weight of governmental power is placed in a popularly elected chamber, and where not a year elapses but we behold the mission thither of additional recruits to the ranks of the Labour party. There are few points of resemblance between the con-

stituents of the House of Commons of to-day and those of that assembly who were euphemistically said to represent the people under the old protective régime.

But there is another immediate and equally tangible effect of this process of making the export trade an over-flow pipe for the home markets. There is a certain amount of recoil. The "dumpers," it is said, in giving cheap materials to their foreign rivals in manufactures, are sometimes making rods for their own backs. This is true. Let us hear *Ryland's Circular* again. Referring to the iron trade in October, 1901, we find the sentences: "As long as the present selling-at-any-price is going on, those English makers who have bought steel blooms, billets, tin-plate and sheet bars have nothing to complain of, as they are making a handsome profit in the finished article"; "much as the German steel raid has benefited so many of our manufacturers here who have bought it, we are glad to see the offerings are beginning to die out"; and again in 1903: "the withdrawal of cheap German steel has caused home sheet makers some inconvenience".

Undoubtedly there is at times a break in the harmony between the German tariffs and the cartels, the latter sometimes having sold too

cheaply to prevent the purchaser of the raw material from paying the tariff on the finished product and then competing with them in their own market. It is a flaw in the syndicates' plan of campaign, but withal a flaw which does not appear to trouble them frequently. But, assuming that this reaction becomes serious, it must be remembered that a protectionist country has always the power to remedy the defect by raising its tariffs sufficiently to defend its manufactures when threatened with a protracted strain. Moreover, the "benefits" and conveniences bestowed upon manufacturers in England who buy these "sacrificed" goods are not of the substantial nature that one might imagine at first glance. Only a firm here and there is benefited amid the general injury. If it be asserted that the practice of dumping is, as certain Free-traders allege, more profitable to England than to Germany, we have to consider the character and the likely duration of its profitableness. It is said, and, so far as the statement admits of verification, it is correctly said, that our shipbuilding trade would be greatly injured by the imposition of any check upon the dumping of cheap steel into this country, and that, in the event of such a check being put on, that trade, already hard pushed in

its struggle to maintain the supremacy of the British merchant marine, must inevitably decline. This objection is worthy of grave consideration. But if our shipbuilders are now so situated that they cannot maintain their former reputations, that they cannot, when met with the difficulties and disadvantages which strew the paths of others who are gaining upon us notwithstanding, build vessels in competition with the foreigner ; if their position is one of inability to continue the fight when deprived of supplies of material obtained at factitiously low prices, matters have reached a more desperate pass in the United Kingdom than the multitude realises ; and our shipbuilders, instead of being cosmopolitan Cobdenites, are advocates of Protection—in Germany. If it be retorted that what we pay in higher wages we must make up in cheap raw materials, the objection does not alter our inferences, nor does it allay well-founded fears of competition from directions where the pay of the labourer is even higher.

The purchase of dumped materials is profitable, no doubt, to the superficial eyes of the individual manufacturer who, according to *Ryland's*, complains of the inconvenience of the withdrawal of cheap German goods, because he is naturally looking to the production of his

own balance-sheet, and cares very little, good easy man, how his fellow-manufacturers, or his country fares in the conflict. But this is not the view that an economist, or a statesman, or even an association which professes to hold a watching brief for the dead, and a trust estate for the community, should entertain. It is obviously detrimental to the prosperity of a country, rich in coal and iron, with her furnaces at the pit's mouth, that the raw material which lies at hand—the pleading capital of Nature—should remain unutilised to its full extent, while the same or similar stuff produced by alien labourers, whose wealth is not our wealth, and whose work for our needs is taking the bread out of the mouths of our own workmen, should be purchased and manufactured into the finished article by our employers. It is not a case in which Great Britain is unable to supply, or cannot profitably provide for, her own wants ; it is a case of the community's permitting individual capitalists to take an easy road to riches while preparing ruin for the masses of the people and impoverishment for the country in a day which they may not live to see, or the sight of which they may avoid by a sybaritic retirement to the Riviera.

But, it is objected again, by purchasing raw materials more cheaply than they can be pro-

duced in England, we are really profiting by obtaining all the greater returns upon the manufactured articles. In the words of the Cobden Club, "the essence of such a transaction is that Germany, who has taken the trouble to mine coal and ore and limestone, has smelted the ore and produced useful metal, and then sold it for less than it is worth". But the points to be observed are, first, the seller is no fool, but recoups himself "off the general market"; second, as we have already pointed out, sale "at less than it is worth," has the effect of paralysing the industry which produced that material in the importing country, of placing sundry manufacturers in a wholly factitious position in relation to other manufacturers in the same country, and of really producing circumstances similar to, though less remunerative than, those created by protective measures. The imports so cheap to the individual become dear to the community. But, again, is this dumped material so cheap to the individual manufacturer who purchases it? There is, as is admitted, no depending upon the supply, and it can hardly be contended that a manufacturer whose prospects of conducting his business at a profit hang upon the precarious tenure of German favours—and it is confessed by the publication to which we have referred

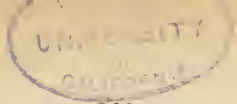
that "exportation below cost price . . . can only be temporary"—is in a singularly enviable position. But suppose that the success of the practice indulged in by these cartels ensures a regular influx of the requisite material in this country, actually attaining the proportions of a steady export trade, will it be argued that our coal and iron are to lie idle?

Free importers answer in the affirmative if it costs us more to produce them than it costs Germany to produce hers. This might be a plausible answer if the cost of production of the same materials in the two countries was rendered widely different by physical conditions, such as the depth of the coal, or the character of the climate. But if we are to consider local conditions favouring production we see them all in our favour, and we find that no other country in the world possesses greater natural advantages in respect to iron and steel manufactures than our own; that no other country in the world can be said to have scarcely an acre of its resourceful soil more than twenty miles from a waterway.

Applying the same arguments to agriculture, it might be asserted that no tariff could restore our fields to cultivation, no manipulation of the burdens of taxation divert the stream of labour from the towns. Possibly not. There is some

difference of opinion on the point. Controversialists are inclined to bring under one category things which are economically heterogeneous. The soil is fertile, and in parts of England, Scotland, and Ireland, it is eminently suited to the growth of cereals, but under the very laws of increasing and diminishing returns, which are so ignored by some controversialists, the small area of our island kingdom would necessitate an intensive cultivation which would probably place it at an overwhelming disadvantage in comparison with the United States, Canada, or Southern Russia. Here, indeed, physical conditions are against us, and no tariff could assist us to the same extent in respect of home-grown grains.

We have, however, deliberately chosen manufactures as the mainstay of our country, and it is to them we must look for the continuance of the increase of our prosperity in years to come. But if we decided that our future lies in manufacturing industries that is no reason why we should refuse to convert into capital the minerals with which Nature has endowed us; nor is it a reason why, when we are brought face to face with an extraordinary and unanticipated development of international trade relations, we should ask our miners to become fitters and our



smelters engine-drivers. If we have it in our power to make the resources of our country worth utilisation, is it to be replied that we are not to do so because we have no physiocratic sanction? Further, if this practice of dumping has so materially benefited our manufacturers, how is it that no sign or symptom of this benefit shows itself in our export returns?

If our manufacturers, who no doubt have as keen an appreciation of the law of increasing returns as their German competitors, are permitted a degree of defensive protection in order to avail themselves of this knowledge; if they are enabled to expand their works, and to have at least as good an opportunity of disposing of temporary surpluses as their modern rivals, it will then cost them no more, and probably much less, even allowing for the superior standard of labour in England, to produce a greater part of their own raw materials.

The large steel manufacturers of Scotland have recently formed a combination, and they declare that they will henceforth be able to send steel into England at prices below those at which they continue to sell in their own country. This will be an interesting case of dumping within the Kingdom, but consider the likelihood of success when in competition with Germans.

The Scotsmen are left without means of retaliating upon their greatest antagonists, for they cannot dump across a tariff wall.¹

There are, of course, constitutional distinctions between trusts and cartels and various monopolies which have not been mentioned here because such distinctions do not materially affect their objective influences.

¹ See *The Economist*, 20th February, 1904.

CHAPTER V.

THE PRINCIPLES OF PROTECTION.

Unequal competition—The diminished degree of natural protection—Manufacturers' conservatism—Small producers cannot benefit by many modern inventions—Development in the United States—Protection necessary for dealing with "artificial" conditions—Free Trade really an unprogressive policy—The Free Trade conception of the world as an economic and homogeneous whole—Protection a dynamic policy suited to changing circumstances—The gradual yielding of a *priori* economy before empirical arguments—Mill's views—The protection of young industries—The silk trade in the United States—Protection not destructive to enterprise and inventiveness when judiciously applied—The suitable circumstances in which to start an industry by State aid—The doctrine of comparative costs—J. S. Mill's unstable attitude—The question of exporting new machinery—The Free Trade argument from "the aggregate wealth of the commercial world"—No country will forgo the possession of the most important industries—Mill's objection to prohibitive duties—No danger of a disappearance of foreign trade nowadays—The American flax-growing industry—Protection as fostering a sense of security—Its failures—Its successes in permitting full advantages to be reaped under the law of increasing returns—Tariffs as political necessities—The absurdity of the cry against collecting from the working man and the masses generally some payment for State purposes by Protection—Bright on labour and Protection—The assertion that protective tariffs reduce the total wealth by an uneconomic distribution of industries—Admitting the truth of the statement, unilateral Free Trade unjustified.

BESIDES the influences upon our industries of those processes described as "dumping," and the capture of markets, there are other causes at work which are themselves but the natural products of the attitude of splendid isolation which we have thought fit to adopt. We have seen that the protective armour by which most of the other nations of the world have rendered their capitalists' factories their castles, effectually hinders us from gaining any advantage of them in their struggle for industrial superiority, and, although the helplessness which attends our efforts to improve our trade should be recognised as the primary cause of our retrogressive tendencies, there is a strong party in the State whose expressed faith is in reforms of any description so long as they do not touch our fiscal position, or threaten "to tax the food of the very poor". At any rate, it may be understood that the admission that these reforms are necessary implies the recognition of already defective arrangements. We are recommended to commercial education, as though knowledge without the means of utilising it, or the scope for bringing it into play, could imbue us with anything but despair. We are reminded of the lamentable spread of intemperance, of infidelity, and of wastefulness, as if

these evils—deplorable as they are—are not really the consequences of that unconcerned condition of mind which invariably accompanies disappointment and failure. It is pointed out that we have a natural protection, which should prove an adequate subsidy to energy and courage, in the cost of freights which the foreign competitor must pay upon his merchandise ; in the almost barbaric suspicion with which the masses and the *bourgeoisie* regard anything in the shape of a novelty, especially when it emanates from peoples not over dear to their insular hearts ; in the “invisible hand” ; and—*absit omen*—in our climate. To say that freights offer us protection is true, but what distance does for us it does also for others, and when we come to settle our account for imports by the export of goods, we pay on the latter probably as heavy taxes in the form of freights as the foreigner paid in respect of his exports here ; and to say that a large portion of these freights is earned, not by the foreigner, but by the British seaman, cannot alter the trade account in our ledger. As to the second advantage—the inertia of habit and fashion and vanity, while we may long believe that at the sounds of our Chauvinistic flute, sackbut, and psaltery, all the peoples of the earth must fall down and worship, and that the hall-

mark of Britannia is the impress of superiority, the effects of such powerful engines as trusts and cartels are far-reaching and

Mammon wins his way where seraphs might despair.

As regards the last two forms of natural protection, which may really be classed as one, if our educational system has any demonstrable claim to efficiency, few persons who are not centenarians, will be found to imagine that Providence extends to England most-favoured-nation treatment.

That a desire to cultivate a more extensive export trade lives in the breasts of our manufacturers there is no reason to doubt, but that a traditional recusancy, and an overweening distrust in "new-fangled" appliances, particularly when their trial or their adoption would entail additional outlay, hold a powerful sway over their minds is very evident. But, apart from this, let the enterprise, the enthusiasm, and the anxiety to learn be as potent as they may, the circumstances are wanting which would render their activity prudent. The spirit is soon broken when the fight is against the odds, and possibly nothing but the dour doggedness of the Saxon could have maintained so long an unequal fray. Hemmed in on all sides,

cramped for market space by barriers raised against her, England, who has committed herself to manufacturing industries as her sole means of support, is unable to avail of the operation of the law of increasing returns. She cannot equip herself from the enormous storehouses of the developed sciences and arts whose biggest prizes go to the highest bidders. Those inventions, which in the eighteenth century laid the foundations of the unexampled wealth which made Great Britain the envy of the earth, were labour-saving machines, the success of which lay in increased production at diminished expense ; and it might not be entirely unwarrantable to say that, had not war devastated other lands, razed other factories, attenuated other resources, the limited demands upon British manufactures would have long precluded the adoption of those aids to profitable production which then made the country's fortunes. Not only were the manufactures of the Continent paralysed, but the young industries of the United States suffered a serious check by the sudden and great demands made upon that country for agricultural produce. No such unfenced prairie, over which we may gallop at will, lies before us to-day. The decreasing and sluggish demands upon our

manufacturing industries call forth few inventions whose aim is increased production, and the same circumstances which discourage the exercise of enterprise at home, provide obstacles to our profiting by ingenuity abroad. The huge crop of inventions which has made the name of the Western World a proverb, is but the outcome of a restless ambition to subdue the earth to man's dominion without the aid of crowded and cheap labour markets, to increase the fruits of the soil by tilling thousands where the old-world farmer ploughed his hundreds of acres ; to augment the output of industries an hundredfold.

That which has hindered England from turning to account the discoveries which are enriching America as well as some countries of the Old World, is nothing more than the impossibility on her part, as she is at present situated, of producing on an increasingly large scale. She cannot do this because the demands upon her are stunted ; and, were she to increase her supply, there is scarce a country in the world in which she would be permitted to dispose of her increase in production without half, or more than half, of her profits finding their way into the customs coffers of an alien State. There is no escape from this dilemma but by the imposition

of tariffs which would equalise, as far as possible, the conditions of production. Protection is only applicable to what Free-traders call unnatural conditions, but to condemn protective measures because they mean the application of "artificial" remedies to a state of affairs which is in itself the outcome of "artificial" circumstances, is as absurd as it would be to censure a physician who, upon being summoned to the aid of a patient suffering from a complaint induced by that artificial mode of life, known as civilisation, prescribed, not a return to the natural habits of primitive man, but a cure in keeping with the sick man's "artificial" life. But most of this talk about "artificial" as opposed to "natural" conditions only serves to indicate the prevalence of unscientific thought. Civilisation is no more artificial than is the life of most of the lower animals whose environment has been changed, and is ever changing, under the impact of natural forces. If we are to use the term artificial in connexion with the position of man dwelling in communities it is only permissible to apply it to such effects as are plainly contrary to the evolutionary processes which are traceable to the operation of known natural laws. Now the Free Trade theory, based, as it is, upon certain observed natural laws, is, as we have shown in chapter ii., impeach-

able on the ground that, instead of standing the tests of a scientific deduction, it is altogether incompatible with many of the laws which govern the development of the social organism. It is unadaptable to new conditions ; it is "static" or non-progressive. As we have already pointed out, it is useless to try to withstand the development of tendencies in the community towards integration instead of fission—tendencies which, it is almost incomprehensible, were not clearly foreseen by those economists who professed to study the natural life of a gregarious animal.

To endeavour to impede the development of efforts towards self-defence and self-containment in a nation is as futile as to hope to annihilate the instinct of self-preservation. The theory of Free Exchange out of which sprang the Free Trade policy, was a vainglorious and unpractical conception of man's nature. Its purpose was evidently the achievement of an international communism under which the governments of all states would act together with one accord, as a great council animated by a lofty altruism, and under which all men would sink their differences in a common desire for the greatest happiness of the greatest number of the aggregate population of the world. It was a theory gladly embraced by those who would have rendered

constant the relations between the peoples of the world at the time it was formulated ; it was a theory which England, above all other countries, was interested in grappling to her heart with hooks of steel, for, if it did not ignore development altogether, it certainly did not count upon the disparate development of nations. It was built upon the hypothesis of the world as one nation—as a homogeneous economic unit ; and Adam Smith's work was properly named the *Wealth of Nations*—not the *Wealth of a Nation*.

Under these circumstances Free Trade was a moribund policy for a growing insular people. In its view there was nothing to be feared, but everything to be wished for, in the possibility of a one-trade nation—a nation whose people, neglecting the divers faculties and aptitudes with which they were endowed, and despising the innumerable resources of their soil, should devote their energies to the monotonous exercise of a single, or, at most, of a few industrial enterprises, which could be conducted with the least skill and the smallest amount of labour. It was a policy suited to peoples in a backward condition who had little desire to go forward—peoples who believed that some temporary advantages would accrue from defying to the

uttermost the natural attractions of an expanding environment. It sought to avoid "the differentiation of consumption," and to eradicate the inventiveness of the mind. On the other hand, the policy of Protection is a "dynamic," or progressive, policy. It aims at the direction of the industrial and social efforts of mankind into those channels which are hollowed out for them, as it were, by the causes which alter his environment. It is the policy of abandoning the most fruitless of all struggles—the struggle of man against his environment, and it involves the adaptation of man's commercial laws, ay, and his social code—cacophonous as the expression may be to the ears of our ancient philosophers—to the circumstances of change and motion, not in the nature of man considered individually and independently of the rest of creation, but in nature universal. To speak of international peace and friendly intercourse all the world over, in the sense in which these terms are used by the Free Trade party, is to speak of a state that could only be attained by casting off the mortal coil of human nature ; and they who contemplate this world, not from the standpoint of a proud philosophy, but from the hardly-earned footing of a man of affairs, well know that there is no hope of such

a halcyon-tide offered by nature or justified by man's life. Not Adam Smith, but Canute was the father of Free Trade when he sought to stay the tide of nature. But the later Free-traders were forced to modify the rigour of their creed ; and even peace, despaired of, gave place to retaliation, and—greater heresy still—to the permission to the State to give a little help towards the betterment of the commercial community by the propagation of industries which, while suited to the physical conditions of the country, had not attracted individual enterprise.

Protective measures were admitted by Mill, in a much-quoted passage, to be defensible when the duties were imposed “temporarily (especially in a young and rising nation) in the hopes of naturalising a foreign industry in itself perfectly suitable to the circumstances of the country”. The difficulties of again removing such measures when once enacted are indisputable, and should be realised, particularly in England, where the claims of “vested interests” obtain such favourable audience. It is said that young protected industries have a habit of never growing up ; and it is but human nature that, when the State has nursed an industry through the period of its infancy and growth, those whose capital has

been sunk therein should rebel against the removal of the subvention and go even to the length of charging the Government with gross breach of faith. Whether, then, the State shall be victorious in its struggle for the common weal, or whether it shall be deterred from the pursuance of its policy, becomes a question dependent upon the magnitude of the industry and the political power of the capitalists. In either case it would seem better to raise up and, if unavoidable, to maintain by protection an industry which enriches the community than to dispense with that industry altogether. But however the objection may stand, there are not wanting clear enough instances of unbounded prosperity which took its origin in a forced seedling. But the suitable circumstances are, it is pointed out, natural and permanent conditions of such a kind that the industry might be profitably carried on but for the existence of the extraneous and unnatural causes which a protective measure is requisitioned to remove. Here indeed is an unwilling yielding upon the part of a Free Trade protagonist—a yielding which, it must be allowed, is repudiated by many of that school of political economy—who admits that that which is accidental and artificial may be legitimately overcome by artificial means, *i.e.*, by legislative interference. But it will be

asked, in reply to this ultra-Free Trade section, are we not to interfere at all with the workings of natural laws? Are we not, by artificial means, to turn to our own advantage such processes of nature as we find so adaptable? If not, the primeval curse itself militates against Free Trade. And where not only physical causes, but the lack of development, the want of skill, enterprise, and diligence are against the establishment of a new industry, or the resuscitation of a declining trade, will it be said that, in the face of such successes as, for example, the silk manufactures in the United States, protection to young industries is a mistake? It cannot be denied that the United States still imports quantities of silk, but the imports of silks are composed of goods which are generally half silk and half cotton or wool—materials such as laces, embroideries and velvets, which do not lend themselves to machine manufacture but require the individual attention of the workman.¹

That industries to which the natural environment is favourable will inevitably arise “in due season” (*i.e.* sometime or other), may be a fact, and that a manufacture which has had to buffet its way through the world to success is all the sturdier and the more independent in the end, may

¹ See Taussig, *Tariff History of the United States*, p. 311.

also be a fact ; but the recognition of these facts, if such they be, should not blind us to the unmistakable testimony, so prominent in the history of the United Kingdom, that time is money to the nation as well as to the individual, and that the length of the start may give a lead in the race of commerce which cannot be readily overtaken by other competitors.

But it may be said that there are no young industries in the United Kingdom, that the capabilities of our climate, our soil, and our people, have been ascertained and tested sufficiently, and that we have long since got beyond the stage of "the infant mewling and puking in the nurse's arms". That may be. Without contending that any considerable new industry can be sown in the soil of the United Kingdom—unless we may expect something from the experiments in tobacco culture at present being conducted in Ireland by a few volunteer farmers—we may ask ourselves whether many of our industries should not be considered to be in a period of their existence which, in comparison with their own kinds in other nations, is still remote from puberty. The "suitable circumstances" are natural and permanently favourable conditions. Are there not industries furnishing in this country to-day, in whose

favour Nature offers an abundant aid, possessed in the same degree by few peoples of the world? She has endowed the limited area of these islands with the raw material for still greater wealth than has already been produced. But our manufactures do not increase in a degree commensurate with the extent of our resources. Without speaking of the sluggish export trade, we do not supply ourselves with articles similar to those we send away. And the reason? Others can supply us more cheaply because of their enormous production, and of our free importation. We are living cheaply in the same way as the man who discontinues drinking the champagne of which his cellars are full, because of its value, and who turns instead to the consumption of every other brand upon the wine list which he buys elsewhere. It is not argued that the principles of Protection can always be justified on *a priori* grounds; nor will it be contended that its adoption has been unaccompanied by failure, although in this respect it might compare favourably with what is known as Free Trade. Under certain conditions Protection has been a clog upon progress, and has completely failed to fulfil the requirements of the situation to which it was applied; but, on the other hand, under certain conditions, it has promoted the

success of industries to an extent quite unanticipated by the legislatures which have appealed to its efficacy.

Much that has been written in condemnation of Protection has been based upon the doctrine of comparative costs—a doctrine which, if it teaches anything, shows that even the highest duties will not propagate or advance an industry, which, by reason of certain inherent peculiarities, fails to commend itself to the people of a particular country. Insufficient study, it is said, has been devoted to the personal equation in the labour question, to the predilections and aptitudes of the artisan, psychological characteristics sometimes preponderating to such a degree that no State subvention can materially modify their effects. This is, no doubt, true ; but there is a *penchant* among economists towards too wide an extension of the doctrine. The doctrine of comparative costs, as enunciated by the classical economists, was based to a great extent upon the rate of wages and the efficiency of labour. The molecular freedom of the industrial community was a *conditio sine qua non* of its validity ; the unequal conditions of labour assumed, we must suppose, to be a dispensation of Providence, were the chief guarantee of foreign interchange. An indispensable inequality of conditions exists to-

day, but this inequality is very different in kind from what it was, and it is attributable to what the founders of the old theory would term "abnormal" or "unnatural" causes. We deal with scarcely a nation in which industries are not conducted under "manufactured," and, therefore, reprehensible conditions; and the doctrine of comparative costs, so far as it concerned itself with wages and efficiency, to a great extent breaks down. The American labourer is not in receipt of a rate of pay that would obtain under freedom of industrial conditions, nor does the German artisan receive wages that would correspond with his efficiency in a free market. But we have to deal with an international situation which does not permit of the uninterrupted operation of natural causality. For all practical purposes, efficiency in the chief manufacturing countries does not vary to that extent that it induces the instability of capital, and the discrepancies between wages among the different nations are compensated by artificial means. The law of comparative costs which now governs international trade is—if we may further shock the sensibilities of the classicists—the law of comparative degrees of production, that is to say, the comparative costs of machine production on larger or smaller scales.

The old doctrine of comparative costs had long been trembling before the experienced successes of fiscal restraints upon trade, but the introduction and the extended use of machinery gave the *coup de grâce* to its tenability.

The difficulty of maintaining the Free Trade position in the face of the exportation of newly invented machinery, which bestowed such advantages upon a country in its competition with others, at once brought the political economists to bay, and they sought to defend themselves as best they could by conjuring up about them a miasma of ultra-rational benevolence. "If the fact be that by allowing foreigners a participation in our machinery," wrote J. S. Mill, "we enable them to produce any of our leading articles of export at a lower money price than we can sell these articles, it is certain that unless we possess as great an advantage in the production of the machinery itself as we have in the production of other articles by means of machinery, the permitting of its exportation would alter to our disadvantage the division of the benefit of trade. Our exports being diminished, we should have to pay a balance in money. This would raise in foreign countries the price of everything which we import from thence : while our incomes being reduced in

money value would render us less able to buy those articles even if they had not risen. The equilibrium of exports and imports would only be restored when either some of the latter became so dear that we could produce them cheaper at home, or some articles not previously exported became exportable from the fall of prices. In the one case we lose the benefit of exportation altogether, and are obliged to produce at home at greater cost. In the other case we continue to import, but pay dearer for our imports.”¹ Here is the Free-trader’s dilemma. Let us have the Free-trader’s answers. “It is evidently the common interest of all nations that each of them should abstain from every measure by which the aggregate wealth of the commercial world would be diminished, *although of the smaller sum total it might thereby be enabled to attract to itself a larger share.*”²

It is interesting to learn, as an archæological fact, that political economy was once closely related to the most ideal forms of Christianity ; but it is difficult to imagine even a spiritual peer suggesting to a modern nation of shopkeepers that it should have its annual accounts submitted to a board of Free Trade auditors who, if they should find that of the smaller sum total of the

¹ *Essays*, Bell, p. 33.

² *Ibid.*

world's aggregate wealth it had attracted to itself the lion's share, should be commissioned to return to the foreigner the nation's ill-gotten gains. Then follows that optimistic soothsaying which is always a necessary stimulant to Free Trade altruism : "The time will certainly come when nations in general will feel the importance of this rule, and will so direct their approbation and disapprobation as to enforce observance of it".¹ Meanwhile, *vae victis* ! But Mill, despite his moral philosophy and his religious reverence, was too austere a man to place all his economic eggs in the ecclesiastical basket ; and, having on the Free-trader's Sabbath devoted his exclusive attention to Divine worship, on Monday morning he casts aside the cloak of righteousness, takes a walk down Lombard Street, and ruminates : "The exportation of machinery may, however, be a proper subject for adjustment with other nations on the principle of reciprocity. Until by the common consent of nations all restrictions upon trade are done away, a nation cannot be required to abolish those from which she derives a real advantage without stipulating for an equivalent." Until by the common consent of nations the sword is changed for the pruning-hook, restrictions upon trade are not likely to be

¹ *Essays*, Bell, p. 33.

abolished. If other nations go to the extreme of restraint—so abhorrent to Mill's imagination—and impose duties for the purpose of keeping in existence domestic industries which would otherwise die a natural death, and if the continued existence of those industries (*e.g.*, the tinplate industry in the United States) cripples the same kinds of industries in this country, there is no refuge to be found in an exegesis of the doctrine of comparative costs. If America is losing money by protective practices, it is no consolation to us who suffer destruction. But, even if we were to consider this doctrine of comparative costs upon the basis of labour cost, we should still find that its validity was impaired by the effects upon us of protective duties elsewhere. Suppose that we came to the conclusion, or rather that natural economic laws came to the conclusion for us, that our greatest source of profit lay in the production of coal; we should then export coal to Germany in exchange for such of the manufactures of that country as we required; but immediately the Germans placed a duty against our exportation of coal to them, we should have to export greater quantities to obtain the same quantities of manufactures as we had previously purchased with lesser quantities of coal. We should then have to expend more labour upon obtaining our

supplies from Germany. In other words the German tariff would be equivalent to an increase in our cost of production, and the entire system of equilibrium assumed by the Free Trade economists would be disturbed. Every duty levied by other countries upon our goods enhances the cost of production to us, and thus modifies, or destroys, the effects of the law of comparative costs so far as it has a Free Trade basis. The doctrines based upon comparative costs appear to have been formulated for the purposes of dealings with uncivilised or semi-civilised peoples. The effect of acting upon them nowadays is the bleeding of the country, the discouragement of diversity in industries, the leaving of half of the resources of the soil unutilised, and the promotion of a dangerous ramification of foreign trade—dangerous in so far as that trade is created by the importation of necessities which could be equally well produced at home. Despite the protestations of economists, the world will contain but imperfect materials for *a priori* political economies, and it will probably be always an article of national faith that there are certain industries which it is essential to the prosperity and to the safety of a people to maintain even if their maintenance involves a certain amount of expense. If other nations had but remained

content that England should be the workshop of the world, if, for instance, the United States had been satisfied to frame her career as a purely agricultural country, England might have had good cause to persist in extolling the doctrine of the cosmopolitan division of labour, but the devoutest Free-traders of the present age, with their minds still filled by the theory of comparative costs, would scarcely stand by and watch complacently the transference of our iron trade to the United States, upon the grounds that we could import iron thence more cheaply than we could manufacture it at home.

It must be allowed that anything whatever, whether it be a tax, the discovery of a new process, or the invention of machinery, alters the division of the advantage of interchange between one country and another. Anything which, in other words, disturbs the balance between imports and exports, is an obstruction to the operation of the law of comparative costs and the laws of supply and demand ; and as such, it permits the country, which saves its labour by these artificial means, to appropriate more than its natural share of the aggregate output of the world. The free exportation of new machinery is a high-minded policy for a country to adopt, because the exporting country,

regardless of its own immediate interests, thereby increases the general productiveness of the capital of the commercial world, but this is too great a sacrifice even for Free-traders, and some set-off is considered justifiable. Now suppose that the general productiveness of the capital of the commercial world is irremediably diminished by the conduct of others who have adopted a protective system, and who have shown no inclination to hearken to our persuasions or to profit by our example. In these circumstances, the diminution of the aggregate wealth of the world, reprehensible as it may be, is beyond our control, and other nations having accomplished this sinister end, must be attracting to themselves the larger shares of the smaller sum total of the commercial wealth of the world, otherwise they would discontinue their protective policy. It is admitted to be legitimate for a Free Trade country to endeavour to stay this process of restriction among others, by imposing such restraints as may lead to reciprocity ; and, if we set aside the questions of unprofitable gropings after unattainable ideals, it is difficult to see on what principles of equity or of common sense we are to draw the line at protective duties, if we find that it is only by the levying of such duties that we can attract to ourselves a fair

quota of the smaller sum total of the commercial wealth of the world. Everybody will agree that if all the nations of the earth, "by common consent" or by the influence of "approbation and disapprobation," could live in a state of honest and harmonious interdependence, the productiveness of the wealth of the world would be enormously increased, but so also must it be admitted that if the inhabitants of London could "by common consent," arrange to dine *en famille* at a hall erected for their accommodation, the general productiveness of the capital of our metropolis would be greatly augmented.

"The only mode in which a country can save itself from being a loser by the duties imposed by other countries on its commodities is to impose corresponding duties on theirs. Only it must take care," adds Mill, "that these duties be not so high as to exceed all that remains of the advantage of trade, and put an end to importation altogether." Apparently the calamity dreaded by the Free-traders is that protective, *i.e.*, prohibitive, duties will bring about the complete loss of foreign trade. Will any one say that the happening of such a contingency is possible under modern conditions? Nations nowadays have as keen an eye to their own interests as ever they had, but it is absolutely

certain that they no longer trim their economic sails with a view to arriving after a costly voyage at the greatest productiveness of the aggregate capital of the whole world. Under present conditions it would appear that we are maintaining to the best of our ability the productiveness of the aggregate capital of the world, and that, while we receive nothing in return for our self-denial, we are permitting other nations, who are not victims to the scruples of a Free Trade conscience, to take the profits which are due to us.

There are, of course, industries which it would be foolishness to attempt to protect; and there are others which it would be futile to strive to propagate. There are industries for which a country is physically unfitted, industries which offer no scope for the use of machinery, and which do not lend themselves to profitable extension. If a State which adopts a protective system has not the means of acting judiciously under that system, its failure is certain, but this is only another way of uttering the platitude that indiscreet actions bring untoward results. The torpidity of the flax-growing industry in the United States is quoted as an example of the failure of Protection to promote an industry which was checked neither by climate nor by other physical conditions. The accusation

is true so far as the production of flax-fibre is concerned. Although the United States farmer grows thousands of acres of flax for the sake of its seeds, the stalks themselves are wasted because he will not devote to their treatment essential but tedious processes, and this for the simple reason that he realises that the labour he would have to expend upon these processes can be made to yield better returns when applied to other branches of agriculture. The flax-fibre industry in the United States, by reason of its involving long and troublesome stages of manufacture, has proved itself incapable of an expansion which would entail increasing profits with increasing labour ; and it has therefore been relegated to those who, like the peasant proprietors of Europe, are, with narrower fields to till, content to earn a livelihood by crops requiring intensive culture. Industries requiring tedious work and close attention to detail naturally appeal but little to a country whose people contemplate the prairies and think in millions. It will be generally found that the failures laid to the charge of Protection come under the law of diminishing returns ; and that, in the majority of cases where protective duties have been applied to goods which are manufactured the more easily and the more profitably the larger the

scale upon which they are produced, its successes have been great.

That it tends to delay progress by damping the spirit of enterprise, and by fomenting in the manufacturer a pernicious sense of security from competition was true, at any rate, at the end of the eighteenth century in America, but that it could produce similar effects in modern times is open to question. There may be little doubt that in the United States the protective duties of 1816 promoted this sense of security, and—to take but one instance—impeded the use of coke, in preference to charcoal as a smelting fuel, a discovery which, as we have seen, had previously transformed the British iron trade. But at that time the United States was passing through the same kind of industrial revolution which had already taken place in England, and the transitionary effects then obtaining have long since passed away; and, if it be thought that progress may nowadays be retarded by Protection under analogous circumstances, it might be well to ask ourselves whether still stronger causes than those then obtaining in the United States are not at war against the assimilation of new ideas under the Free Trade system of the British Isles. It has already been shown how Protection, so far from opposing advance in

industry, actually fosters the practical recognition of the law of increasing returns, by offering privileges to production ; and that in this it is strengthened by the maintenance of open markets elsewhere, and with these facts in view it does not seem possible to argue that Protection can, through the subjugation of enterprise or the lack of wealth, defer the application of the latest improvements in labour-saving machinery to industries whose future depends mainly upon their expansion.

Protection has had its failures too in England. Its opponents, in order to point their morals and adorn their tales, allege that "the same policy (*Protection*) ruthlessly followed brought on England the apparently everlasting Irish question," and entailed the loss of her American colonies. Perhaps it did ; and perhaps the secret of its failure is contained in the words "ruthlessly followed"—followed with the criminal cupidity of an incompetent and a corrupt Ministry. If there be any fair probability that the lessons so bitterly learned are in danger of being forgotten by England, then, indeed, it were better that she did not commit herself to any policy dictated by a Reason to whose admonitions she has already shown herself extraordinarily obdurate.

The Free-trader appears nowadays to have an overweening and a rather short-sighted care for the consumer who is generally regarded as a consumer and nothing more. Trade unions exist by taxing their members, and the members pay the tax which must be deducted from the fund they spend on necessities in return for the advantages the union gives them in their struggle for improved conditions. Protective measures generally exact some payment from the consumer, but protective duties judiciously imposed raise the cost of living to the consumer only in the same sense that trade unions lower the wages of their members, to the extent of their contribution to the general fund. The subscriptions of the workmen are, however, but a minute fraction of their earnings, and, in return for this small tax levied upon them, they have insurance against various catastrophes that may occur in the future. The contribution expected of the consumer towards the protection of industry is entirely analogous—a minute payment in return for which he receives a guarantee that his standard of living will be maintained, if not improved, the infusion of new life into the industries upon which he so largely depends, and a steadiness in prices which gives an evenness to life; and, just as trade unions can never raise and maintain wages at

a level to which they would not rise naturally in course of time, so protective measures, which are based upon precisely the same principles, could not raise prices to, or maintain them at, a level which is inherently false, that is to say, at a level unjustified by economic conditions, or by the increasing wealth of the community.

Further, it may be well to remember that we live in times which, according to the hypocritical etiquette of nations, are times of peace, but which are in reality times of the most stupendous preparations for war that have been experienced. The various chancelleries of the world are accustomed to order in the same breath the composition of eirenica and the manufacture of ordnance; and, bearing this in mind, it may behove us to ask the much-pitied consumer to pay something by way of a premium on his insurance against famine in the future for "defence is better than opulence". Free-traders are wont to make much ado about anything that savours of an artificial impetus to industry, but they should be the last to forget that our pre-eminence in manufactures was due to accident, and that, but for the devastation of war on the Continent, England could never have risen so rapidly, if indeed she would have been permitted to rise at all, to her present

position ; and if they feel inclined to class war among the blessings of their physiocratic edition of Providence—as, perhaps, they are justly entitled to do—they must not deny the State the right to order its taxation, and to arrange its policy, so that in the event of war their country may not give to other countries the same opportunities that war gave to theirs, and suffer in addition the pangs of hunger. Such a position of safety will necessarily involve the fostering at some expense of all those industries which, while they are not the natural objects of the investment of capital, are necessary to the attainment of that degree of self-containment which alone can render this country invulnerable to the effects of a short state of siege.

“ The decisive consideration is that we can only procure imports from other countries on the cheapest possible terms on condition that producers in those countries are able to receive our exports on the cheapest possible terms.”¹ But the producers in other countries have by their own acts annulled the condition, and there thus appears no reason why we should offer them an advantage which they refuse to reciprocate ; for by their tariffs they diminish the purchasing capacity of our exports, and prevent our supplying them upon the cheapest possible terms. Yet

¹ Morley's *Life of Cobden*, vol. ii., p. 343.

may we not benefit, even though the bargain be unequal, if we still receive imports on the cheapest possible terms? Assuredly the temporary benefit is ours, but what is to be our position if by trading under such terms we minimise the number of our producers? It all resolves itself into the worn argument against taxing the consumer; and some of the arguments launched against Protection in any shape seem to be founded upon the assumption that the masses of the people in most of the countries of the world are still in a state of helotism and have really no voice in their own government. Perhaps this notion contained an element of truth in the eighteenth century. "Under Protection," wrote Bright,¹ "the man is apparently free, but he is denied the right to exchange the produce of his labour except with his own countrymen, who offer him much less for it than the foreigner would give. Some portion of his labour is thus confiscated." Nowadays, however, this tyranny is exercised by the people over the people, and—to take an extreme case—in Australia, where their Parliament is largely composed of representatives who are elected on purely labour issues, and who rarely swerve from the line of their direct mandate, tariffs are passing from

¹ Letter to C. W. Field, New York, 21st January, 1879.

the phase of restriction to that of absolute prohibition. The right of free exchange of the products of labour is no longer curtailed by the action of a self-elected oligarchy but is knowingly and voluntarily pledged by the consumers themselves acting in their own interests according to the light that is in them.

It is contended that Protection reduces the total amount of wealth by promoting "an uneconomic distribution of industrial forces". Allowing that it does, to prove that universal Free Trade would produce the greatest wealth is very different from showing that, when practically the whole economic system of the world is artificially altered, an isolated Free Trade country could still reap the benefits that would have been possible to it under a state of general economic freedom. Wealth is a relative term as applied to nations as well as to individuals, and if, under a unilateral Free Trade, wealth does not grow by reason of the curtailment of the field of enterprise by others, it must be manifest that under all-round Protection all countries would be subject to fairly equal losses, and would thus be little the poorer relatively.

CHAPTER VI.

TRUSTS.

The germs of combination in society—The continuity of the associative forces—Changes in the life of the people since Adam Smith wrote and since Cobden preached—The fight between large and small capital—The processes of high competition—The effect on prices—Competition in non-protective countries—Combines and trusts not only possible but existent—Trusts naturally more frequent in protected countries—The reasons—Monopolies generally—Monopolistic groupings of various industries—President Roosevelt on Trusts—The futility of the tariff remedy proposed—The advantages of combined manufactories—The relations between the trusts and labour organisations—The effects of trusts on wages—A spirit of mutual tolerance abroad—M. Yves Guyot's suggestion—Trusts and prices—How British combinations are crippled under Free Trade in the competition with foreign trusts—Some attempt at the equalisation of competitive conditions imperative.

IN approaching the question as to how far industrial combinations are associated with the fiscal conditions of a country, how far they are favoured or restrained by tariffs or the absence of tariffs, it is important to keep our eyes fixed upon those great and powerful social movements, not altogether ascribable to definite policies or propa-

ganda, which are daily making themselves more obtrusive in the life of the community ; to observe the constant course of their currents and to mark their strength developing, their influence expanding, beyond the temporal control of human effort. If their origin lies in the unalterable and half-forgotten past, if their growth has been fostered by concomitant movements which were, and are still, to some extent, under the direction of human will, these considerations make them none the less movements to be reckoned with as forming some, and not the least important, of the *data* upon which the future may be forecast and, in some degree, controlled. The partnership compact, the trading syndicate, the labour combination, and even the religious sect, may trace their genealogy far back to those inalienable principles of the mind of man which are connoted by his classification as a gregarious animal, a creature of communities and clans, a being capable of looking before and after ; and it must not be forgotten that these same principles and instincts are still, and will ever be, inextinguishable influences towards his destiny, despite his strongest endeavours—if indeed endeavours are possible—in any contrary direction. If for a time they seemed to grow effete, or to perish entirely it was only that they lay dormant

awhile beneath the froth and fury on the stream of life ; and if the doctrines of individualism prevailed for their little day the associative principles again assumed their widespread sway. If there be one record of man's evolution in which the social principles are immortally graven it is in the statute-book of the laws of civilisation. There humanity has written the history of community, has shown what man has made of man, has told the story of illimitable power evolved from the design of mutual obligation—a story of association and co-operation of social units for the production of otherwise unproducible benefits, so wonderful in its episode, so vivid in its commutations, as to approach the terrible. Democracy, as the more recent phases of these active principles are called, has been making a tremendous, half-silent progress within the last century. Since, first, Adam Smith wrote the book which left such an *imprimatur* upon the economic policy of England, since Cobden, peripatetic, preached and taught, we have witnessed striking and, some say, perilous metamorphoses in society. Striking they are, and not unmixed with ill, but we can neither decompose them nor thwart their recurrence. At the period which we have taken as the starting point of the history of the fiscal policy of England, the joint-stock company was scarcely

swaddled, competition in the present significance of the term, was yet in the womb of Time, advertising, by which the laws of supply and demand were to have their currents turned awry, was little more than a system of mnemonics, trade unionism was poverty-stricken and moribund, and municipal trading had hardly made its début. A great, a rapid advance had taken place, and none can say that that advance has been unnatural. First tolerance, then legalisation, permitted acts which were not so long ago branded and dealt with as *lèse-majesté*. Railway monopolies, labour combinations, and trading companies, sprang forth with mushroom-like rapidity, and they continue their fecundity to the present day with little sign of exhaustion. Industrial combinations multiply and take every conceivable form, and it is alleged that a protective régime affords facilities for their development.

A great deal has been written about the artificial prices which are created by the trusts and cartels, which are said to be caused by a protective system ; but, granting that these combinations arise more frequently under Protection, little is quoted as to the variations of prices under what are known as ordinary, *i.e.*, Free Trade, circumstances. We are seldom reminded of the fierce and often futile struggle of small

against large capital, and it is unusual in this connexion to point out that, from the time that public companies, or syndicates of any kind, were permitted to enter the field in competition with individual capital and direction, there was bound to be inflicted upon the latter a hardship which invariably elicits the cheaper forms of sympathy. Meanwhile even economists, the most loyal to physiocratic principles, concur in declaring that it is one of the most wholesome properties of competition, that it crowds out and kills off the sickly members. But what happens then they do not always care to consider. The more virile competitors who are left, after the struggle for the survival of the fittest has spent its force, are, to begin with, producing less than was produced while yet their feeble rivals breathed and worked. Now, bearing in mind the fact that the inducement to these since defunct competitors to embark upon the industry which proved their doom was nothing more or less than a perception of the magnitude of the demand, we find that, when they are carried off the field, the supply is temporarily diminished, and those manufacturers who remain are, by force of circumstances, compelled to raise their prices, and are, almost despite themselves, enriched. With the wealth accumulated during

the shortage in supply they are often placed in a position not only to extend rapidly their plant, and to increase their staff in order to meet the normal demand to the full, while retaining high prices, but to profit in every way by the extension of their works. Now suppose that through a vehement competitive struggle only the very fittest, *i.e.*, the wealthiest, competitors survived, and suppose that for a time the trade remained entirely in their hands, what would be the result? The first effect of hot competition among well-capitalised competitors is the reduction of prices to a figure much lower than that at which they would stand under the free operation of the laws of supply and demand, and if, as sometimes happens, the determination of the competitors makes it a fight *à outrance*, the prices are lowered far below the cost of production until the competitors with the largest capital alone are left. If they, then, surveying the paucity of their numbers, are astute men of business, an armistice is declared, and negotiations are opened which lead to an agreement, if not actually to effect a merger, at least to fix a minimum price, and thus to mulct the consumer. The prices fixed, considering the diminished cost of increased production, naturally allow a profit, not only large enough to give a

fair margin above the cost of production, but to enable them to provide for unforeseen events, and to insure against future competition by the establishment of a reserve fund. Then, the moment a rival worthy of their steel enters the field, the combined manufacturers lower prices and run at a loss until they have crushed, or so crippled the new comer that his purchase is an easy matter. Here are causes of great fluctuations in prices which are attended by greater or less inconvenience and injury to the consumer, although no protective tariffs are holding their dread sway over the land. That processes of this kind may take place, and that, as a matter of fact, they have taken place in a non-protective country, will be readily admitted. In the case of the American trusts it is argued by their assailants that their war indemnity is unjustly levied upon the consumer. This sounds a grave indictment, but upon examination of it, although driven to admit its truth, we find that this unjust procedure is the invariable consequence of keen competition in any form—that when the weaker competitors are annihilated, or reduced to comparative impotence, the victors make use of their triumph by raising prices, if that is not done automatically by the shrinkage of supply. The sudden fluctuations in prices are no doubt dis-

advantageous to the community, but, when arising from what is commonly regarded as ordinary competitive conditions, they are passed by as some of the necessary evils in a far from perfect, and by no means perfectible world. By the logic of facts Protectionists are compelled to admit that their policy favours, more than that of Free Trade, increased production, and, therefore, that trusts are more likely to arise under that policy ; but it must not be forgotten, first, that the general and uncontrollable tendency of modern trading, under any conceivable system, is towards combination ; second, that this tendency is not to be averted, but only somewhat retarded—for reasons to be given—under Free Trade ; third, that labour combinations, which have long since come to be looked upon as the inevitable products of social forces equally inevitable, are formed upon the same principle on which trusts rely for justification, that both are the issue of the same kind of evolution, and that the condemnation of either, even though that condemnation be founded upon the highest grounds of ethical theory, is as unavailing as would be the denunciation of original sin. Finally, setting aside such palpable dishonesty as too often characterises the dealings between individuals as well as those

between associations, and such ill-concealed chicanery and wholesale speculation as sometimes accompanies the flotation and management of public companies and state-chartered corporations—evils common to all life in community—we must ask ourselves whether trusts are really the infernal machines of industry that they are represented to be by politicians, and whether they can truly be said to conduce to greater public immorality than is ordinarily incident to modern methods of trading.

Trusts are assailed, in the first place, because it is said they are monopolies, and are, therefore, economic evils. (The last adjective is, it may be noted, derived from the physiocratic economy.) That trusts are often virtual monopolies cannot be denied. While admitting the essential righteousness of the Free Trade decalogue under which they are impeached, we have to inquire whether, under any circumstances nowadays, monopolies of this kind can be avoided. Under forms of competition which are everywhere allowed to be fair virtual monopolies will spring up as the natural outcome of that warfare which is inseparable from present-day competition. To condemn largely capitalised and combined enterprises of any description is easy enough upon the high principles of aca-

demical economy, but, when we descend into the world of affairs and find that there even the old-fashioned laws of supply and demand are modified to the extent of disguise by innumerable ingenious devices which are the offspring of competition, when we find traders, not content with supplying our natural wants *ad nauseam*, boasting that it is their business to fit us out with new appetites and additional desires, when professional advertisers undertake to interfere with the workings of subliminal consciousness, and when the flash, and the blare, and the "nagging" of enterprise lead us towards, if not actually into, acute agoromania, we may well despair of ever attaining a natural state of economic existence.

The American Steel Wire Company have practically a monopoly in their branch of trade. Messrs. J. & P. Coats may be said to have a similar monopoly in England. The *ruses de guerre*, by which the latter achieved their present position, were on all fours with the procedure we have just been describing. Adopting a process of absorption of rivals, until not one of any competitive power remained in the field, they became masters of the supply of cotton thread. Whenever a set of strong competitors associate and drive out of the market, or absorb

all others of importance, we have these virtual monopolies. Such monopolies are sometimes obtained by the purchase of all, or the greater part of, the raw material necessary to their branch of manufacture, and so long as that raw material be exposed for sale, and open to fair bidding in a market as free as Free-traders could desire, it is difficult to see by what law such organisations can be forbidden to follow the course they now adopt. Large retail tobacconists by buying in enormous quantities are enabled to undersell their smaller brethren, and the latter are crying out against the unfair competition, but nobody has yet suggested that it would be advisable to attempt legislation prohibitory of the accumulation of capital.

And this form of monopolisation has gone farther than the inclusion of one industry under the one company. Large corporations, which were formed originally with a view to carrying on but one trade, have gradually extended their operations to the production of their own raw materials, to the manufacture of their own implements and appliances, and even to the building of villages and towns for their own employés. In these cases their action has caused the ruin of many small industries by the withdrawal from them of those by-products, sold

as waste, from which the latter manufactured different goods. Railway companies manufacture their own locomotives and carriages ; grocers possess their own tea plantations, their own fruit farms, and their own curing establishments.

The monopolies of which we hear these complaints are purely capitalistic monopolies, and are, therefore, such as do, and will continue to, arise in any country, and under any fiscal system consonant with the general views of the liberty of the subject. If Protection favours the multiplication and the growth of industries obviously it will favour capitalistic monopolies, and, if these monopolies are, comparatively speaking, scarce in a country, their scarcity is due to the absence of those conditions, one of which is Protection, which favour the multiplication and the growth of industries. That tariffs are the cause of trusts is a statement which cannot be supported upon any grounds of reason ; it is one of those glaring fallacies of *post hoc ergo propter hoc* which are unfortunately so abundant in debates upon the fiscal question. " The only relation," said President Roosevelt, speaking of the proposed legislation against the abuses of the trust system, " the tariff has to big corporations as a whole is that the tariff

makes manufactures profitable, and the tariff remedy proposed (*i.e.*, a reduction of the tariffs) would be in effect simply to make manufactures unprofitable".¹ Furthermore the removal of the tariffs would at once exterminate the few remaining competitors of the trusts long before it could materially affect the trusts themselves, would prevent any other competitors from arising, and would, if suffered to destroy the trusts, also destroy the industries, the prosperity of which afforded scope for combination. The removal of the tariffs would also strengthen the competition of foreigners, and would thus bring about international combinations.²

It is pointed out as one of the great evils of the trust system that in order to exploit foreign markets the domestic consumer is mulcted in the expenses of the low sales abroad. This evil is, however, not confined to the trust system, but is shared by those combinations which do not possess all the qualities of a full-fledged trust, and it would appear, in view of the promised procedure of the new Scottish Steel Company, that this consequence of combination is not indigenous only to American soil. The evil is, at any rate, grossly exaggerated in its effects by

¹ Message to Congress, 1902.

² See Jenks, *Trust Problem*, p. 47.

those who, in their bitter condemnation of every feature of the protective environment, refuse to notice the saving in the cost of production—of which the consumer generally gets his share—effected by the large operations of trusts, and the indirect benefits bestowed upon the community by the existence of flourishing industries offering permanent and regular employment, and it is an evil which, as we have seen, is not, and never will be, tolerated in any great degree by the domestic consumers who, when all is said and done, form the most powerful element in the country.

It has been alleged that, under a Free Trade system, the artificial conditions requisite to the formation and to the prosperity of trusts could not exist, as there could be no “injurious interference of the State with private industrial interests,”¹ but, in the course of the evolution of competitive practices, England has not been exempted from these phenomena, of which examples may be found in the Bradford Dyers’ Association, the Imperial Tobacco Company of Great Britain (which imposed upon all merchants who were its clients the obligation of selling only at certain prices, and of refusing

¹ See de Rousiers, *Les Industries Monopolisées aux Etats Unis*, x.

to sell to persons who did not subscribe to its conditions), the British Oil and Cake Mill Company, the Calico Printers' Association and many others. All our evidence suggests that the slow forward movement of industries under a policy of inaction has been the sole hindrance to the growth of trusts and kindred forms of industrial combination. That trusts are the inevitable excretion from high-pressure competition may be easily understood if we examine into the advantages which combinations of this kind confer upon industries. They ensure all the benefits of the purchase of raw materials in large quantities, they bring about a better division of labour and a more even production, they effect economies in transport and in the attainment of publicity for their manufactures, they achieve the suppression or the reduction of long credits and the division of commercial risks, and they procure, otherwise unprocurable, facilities for export.¹

It is beside the mark to refer to abuses of the power with which the trust magnates find themselves equipped; such power resides in all combinations, and its misdirection can only be dealt with by legislative measures which, considering the rapid march of commercial affairs, are

¹ *Vide Saint-Léon, Cartells et Trusts.*

naturally still in the background. In any case it remains to be shown that the standard of morality of trust committees is lower than that which obtains among the directorates and the organisers of joint-stock companies taken as a whole.

The main fact to be here observed is that trusts are not the products of protective tariffs except in so far as those tariffs are productive of more prosperous industries.

Before closing this chapter it may be well to touch lightly upon the relationship between trusts and labour. There is no evidence to support the popular contention that trusts entail oppressive conditions of labour. At all events the labour market displays an increasing ability to look after itself through the media of trade unions, and "if trade unions were to extend their membership until the one union or federation of unions had in its membership practically all of the workers in the country in one line of industry," as no doubt they will ultimately do, they can have nothing to fear from the development of combinative tendencies among employers. So far, however, labour seems to fare better under trusts than it does under individuals. While occasionally a trust magnate is short-sighted enough to declare

against labour combinations, and, by virtue of the extended field of his trust's operations, is able to carry the struggle to an issue in his own favour, the majority of trusts are amicably disposed towards the working men's unions. The American Tin Plate Company has increased its wages 15 per cent. ; the Steel Wire Company has increased its wages 40 per cent., and the Bradford Dyers' Association has considerably increased the salaries of its *personnel*, while each year a scale of wages is fixed by a mixed committee composed of the representatives of the employers and of the delegates of the trade unions. In the case of the American trusts the old notion that combative relations must necessarily exist between employer and employé is fast losing ground, and is giving place to the broader and more logical view that the right of association belongs as much to one section of the community as to another ; and that the sale of labour by combinations or companies which sort, grade, and price the commodity which they vend is justly entitled to recognition, and should be treated for in that courteous spirit which usually animates the business dealings of one company with another. In the United States, at all events, M. Yves Guyot might discover a suitable soil for his proposal to commercialise

labour and to effect *la transformation des sociétés de combat, à caractère indéterminé, en sociétés commerciales ayant le gain pour objet.*¹

The effect of protective tariffs upon consumers has already been referred to as being augmented by the operation of trusts. It has been seen that the strain of competition considerably affects prices, sometimes raising and sometimes lowering them out of all natural proportions, but if we come to reason out, as the successful competitors ultimately reason out the question of maintaining inflated prices, we find that, having once become possessed of the market, the sensible policy is to sell at moderate profits—sensible because it deters other competitors from taking the field against them, and because the market, not being disturbed by perpetual unsteadiness of prices, is gaugable and regular in its demands. In this connexion it may be remembered that Mr. Carnegie made his money, not by raising and maintaining prices at a factitious elevation, but by coercing all his competitors to sell cheaply. Nor can it ever be the policy of a well-conducted trust to contract the demand for which it is its business to provide. The consolidation of industries is a

¹ *Les Conflits du Travail*, i.

process observable in all progressive countries where the object aimed at is the reduction to a minimum of the waste and the friction of competition among innumerable small manufacturers. There is, however, the distinction between the trusts in a Free Trade country and those in a Protectionist country, that the former when entering into competition with the latter can raise the prices no higher than the lowest prices abroad, plus, of course, the freight and other charges in connexion with transport, whereas the latter can inflict upon the home consumers, when it suits their tactics, prices rising to the full limits of the protective tariffs. This may be considered beneficial to the consumer under a Free Trade policy, but, it must be remembered, in the event of the foreign trusts electing, as they often do, to raise home prices under the protection of the tariffs, they can afford to sell abroad at prices which, even in competition between large combinations, would mean the dissolution of the trust in the Free Trade country which is compelled to take its prices from the market. Thus it will be seen that unless British trade can be placed under equal, or nearly equal, conditions with those of other countries there can be little hope of its maintaining the position it has

hitherto held—a position acquired when there were no rivals of importance in the field. Equality of the circumstances of trade attained by different means was, it is well to keep before us, the grand object of the Free Trade policy which was initiated under the firm conviction that other nations would follow suit, and would open the way to “natural” intercourse and fair trading. That that policy has failed in this respect requires no demonstration. That this equality may be attained by other means has been proved by those other nations who have heard the gospel of Cobden and have still remained recalcitrant.

The increase in the strength of the existent tendencies towards combination upon a large scale may give rise to grave anxiety for the position of the consumer and the operative of the future, and may awaken a profound concern as to the manner in which the capitalist will make use of the enormous power with which these processes of “integration” invest him, but since it is impossible to strike at the right of combination, through the medium of the legislature, without destroying at the same time some of the greatest incentives to industrial progress it would appear likely that, if, in time to come, those who form powerful com-

binations by the accumulation of vast capital, and who establish far-reaching monopolies, do not preserve an equitable attitude towards the common weal, a further stage in our socialistic development will be reached, and the State itself will be constrained, for better or for worse, to assume the control of our most important industrial undertakings.

CHAPTER VII.

OUR FOOD SUPPLIES.

Free Trade beliefs in the "indestructible powers of the soil"

—The increasing population and the efforts of agriculturalists—Cobden's views—The belief that Free Trade would not injure agriculture—Our growing dependence upon foreign supplies—Figures of home produce and imported supplies—The sources of the supply—Animal food imports—Their sources and values—The British endeavours to promote agriculture—The reasons of their failure—Too great stress laid upon diminishing returns—Average yield per acre in the United States, Great Britain and Ireland compared—Flour-making might be carried on in this country—Small-farming an obstacle to success in competition with the foreigner—Stock-raising prospects—Railway rates—Lack of organisation among farmers—The Anti-Corn Law agitation recidivistic—Its failure to rehabilitate agriculturalists—Protection at its worst could not assist the farmer less than Free Trade—Canada as our future source of corn supply—The population of the United States and its agricultural produce—The dangerous position of England—The safety of sea-borne supplies best assured by colonial preference—Mill's views out of date—Canadian production—American policy.

WHEN we come to consider the subject of our food supplies history may play a very necessary part in our thoughts, for not only did questions of agricultural interest form the nucleus

of the Anti-Corn Law agitation, but long before the gospel according to Cobden came to be preached, the capacity of our limited area of land had been the cause of economic heart-searchings on the part of the grand old English gentlemen, who were wont to eye with robustious disfavour the ingress of the foreigner into the home markets, and who had but one nightmare in their post-prandial siestas, *viz.*, the dream that their countrymen might become habitually and increasingly addicted to the consumption of alien grains in any form whatever. Fired by the experience of the British agriculturalists' capability to meet augmented demands (as he had done, for instance in 1841-44), arising out of the increased population, they had grown sanguine enough to imagine that, by diligence and energy, the farmer could expand the production of the land to keep pace with still further developments. That Cobden was imbued with these ideas, and that he failed to foresee the abandonment of agriculture in favour of imported supplies, is shown by his vigorous "impeachment" of Lord Stanley at Manchester in October 1843, when he ridiculed his lordship, "who came down to Lancaster and talked about Tamboff being able to send an enormous quantity of wheat" into England, and who told the farmers

“that a single province in Russia could send 38,000,000 quarters of corn here to swamp them”. The home policy then was an endeavour to strain to the uttermost the energies of the agriculturalist, to utilise every natural resource, to apply every possible stimulus to the soil, in order to meet the exigencies of a rapidly growing country. Confidence in the potentialities of the British farmer, and in “the indestructible powers” of the British soil, blinded these propagandists to the ultimate issue of the industrial revolution, and eventually encouraged them to inveigh against the Corn Laws. “Great as the increase seems to have been in the production of agricultural products in Great Britain, there is reason to believe that a far more profitable result would have followed from the amount of skill and enterprise, and the application of capital to which that increase must be ascribed, but for the restrictions which have been placed, in the supposed interests of our agriculture, upon the importation of articles of food from other countries.”¹ The farmer was thought to be growing lax and lazy under the fatal influence of Protection, and, acting upon a singularly correct computation that the population of the Kingdom would reach 40,000,000 by the end

¹ Porter's *Progress of the Nation*, p. 141.

of the century, these advocates of Free Trade fondly believed that the soil of Great Britain and Ireland might yet be made to produce a supply of corn sufficient to feed that number of souls. At the time when this faith flourished, the importation of foreign grain was so insignificant that an indisposition to believe that a sizeable tree was to spring from a grain of mustard-seed was as excusable as it was patriotic.¹

The history of the enormous importations of corn, which are increasing down to the present day, lies in the pages which chronicle the progress and the results of the industrial revolution—a phase in the existence of the country which was never sufficiently appreciated by the early Free Trade party. It is sufficient here to remember that the circumstances have been changed, that the superficial area of our country has been altered, and that we now behold around those spots where once the partridge fed the everlasting grime of factories and pits. England has learnt since then that it is cheaper to buy

¹ The number of quarters of grain imported into Great Britain from all parts of the world in 1825 was :—

			From Ireland.		From all other parts.
Wheat ...	...	...	283,340	...	364,245
Barley ...	...	...	165,082	...	424,791
Oats ...	...	...	1,500,264	...	208,848

(From *Report of the London Statistical Society*, 1827.)

her food supplies abroad than to produce them at home, and she has finally decided that her commercial policy lies in exchanging the produce of her manufacturing industries for the food of Iowa and Dakota.

In considering our future, then, it is important to examine first, the figures which prove the extent and the growth of our dependence upon foreign countries for our food, and second, those which show the sources from which we derive our supplies. If we take wheat and wheat-flour we find that our production and our importation bear the following proportions :—

	TOTAL QUANTITIES.			
	1885-87.	1890-92.	1895-97.	1900-02.
	cwts.	cwts.	cwts.	cwts.
Home Production - -	39,144,392	37,769,969	27,290,694	29,737,190
Imported - -	76,521,910	89,175,178	98,528,186	102,529,945
Total -	115,666,302	126,945,147	125,818,880	132,267,135

From these figures it will be seen that we are gradually producing less wheat and wheat-flour at home, and that at the same time we are increasing our consumption. To turn now to the sources of this supply, we find the following proportions for quinquennial periods :—

	Mean of 1871-75.	Mean of 1898-1902.
	cwts.	cwts.
British Colonies and Possessions ¹ - - -	5,519,070	19,033,634
Europe (including Turkey) - - -	20,929,323	8,760,208
United States - - -	20,122,599	62,306,884
South America - - -	1,443,046	9,711,874
Other Countries - - -	2,481,089	290,062

Here we find that we have greatly increased our draft of wheat and wheat-flour from the United States, and that from drawing 39·9 per cent. of our supply in the first period taken, we have in the second period proceeded to drawing 62·2 per cent.

Now as to our importations of animal food we find that they also are increasing. Our imports of live animals in 1902 reached the value of £8,269,000, of which, roughly, one-fourth came from Canada, and three-fourths from the United States. Our imports of dead meat in the same year amounted to £39,880,000, the chief importations being :—

¹ See Blue Book, *Cd.* 1761, p. 108.

	Fresh Mutton.	Bacon.	Hams.	Fresh Beef.	Preserved Meat (not salted).	Total.
	£	£	£	£	£	£
Australia - - -	544,000	—	—	116,000	374,000	1,034,000
New Zealand - - -	3,219,000	—	—	417,000	82,000	3,718,000
Canada - - -	—	1,203,000	420,000	55,000	60,000	1,738,000
Denmark - - -	19,000	3,749,000	5,000	271,000	—	4,044,000
Holland - - -	781,000	54,000	—	94,000	9,000	938,000
United States - -	60,000	8,239,000	3,422,000	5,204,000	1,464,000	18,389,000
Argentine Republic -	2,273,000	—	—	1,724,000	248,000	4,245,000

From these figures it will be observed that our dependence upon other countries for our food supplies in respect of meat is great, and that the bulk of those supplies is drawn from foreign countries, especially the United States ; and if we take the figures of the net agricultural imports for the last three years they will suffice to indicate how increasingly great that dependence is yearly becoming :—

	1901.	1902.	1903.
Net Agricultural Imports	£180,567,000	£183,338,000	£190,027,718

Now it cannot well be asserted that this state of affairs is due to that laxity and ignorance on the part of agriculturists which were such matters of reproach in the days of the old régime, when the general faith of the classical economists led them to avow that British agriculture could not be injured, but, on the contrary, would be benefited, by free importation, if only those

whose interests lay in the cultivation of the soil were brought to exhibit a receptive attitude towards science and system. From the moment that these views took possession of the minds of our countrymen there has been no supineness or lack of scientific thought among those whose voices in the legislature represent the agricultural interest. All the energies of the State and the squire have been bent towards the encouragement of methodical and discriminative tillage. Nor was subvention wanting : a Board of Agriculture, an increasing number of colleges of agriculture, model schools and farms, ploughing matches, dairy competitions, and cattle and produce shows, are perpetually striving to propagate the knowledge requisite to the profitable cultivation of crops and the growth of live-stock ; while the instruction given and the experience disseminated by the various institutions referred to are, it may be remarked, added to an aptitude inherited—and there is no branch of industry in which heredity plays a more traceable part than in agriculture—from those farmers who elicited the admiration of their economist contemporaries by their proved ability to keep abreast of the increasing population of the country in respect of agricultural supplies for a long period of time. Why, then, it will be asked, has the

name of British agriculture come to be a synonym for decay and discontent, for labouring destitution and unremunerative investment, for a species of occupation, almost on a par with golf, suited only to beguile the idle hours of such *dilettanti* as the superannuated faddists of the Army Pay Department? The chief reasons assigned are: that land is divided up into small farms, that there is little scope and no encouragement for extensive cultivation, that there exists no genuine *esprit de corps* among farmers, and no adequate recognition of the benefits which organisation would confer upon the proprietors of small holdings. The natural protection which the British farmer should enjoy in the 3,000 miles of ocean which separates him from his competitors is reduced to a negligible quantity as compared with the losses upon the railway rates charged upon home produce, and the diminishing returns of too intensive cultivation. Yet, in reference to the latter, it may be noted that there is some inclination among economists to lay too great stress upon the operation of the law of diminishing returns in agriculture as the following figures will show:—

AVERAGE YIELD PER ACRE (BUSHEL), 1897.

	United States.	United Kingdom.	Ireland.
Wheat	- 13'0	29'1	28'7
Barley	- 23'8	32'9	34'0
Oats -	- 26'0	38'8	39'8

While this law of political economy must, of course, be borne in mind, it will be seen that there is no justification for the practice of certain anile academicians in converting it into the *anathema maranatha* of British agricultural effort. Further, it must be observed that the farmers in the United States have long since abandoned the application of what was known as the blistering process which was once applied to the virgin soils of their continent, and are every day displaying an inclination to adopt a more economical as well as a more intensive method of cultivation. The danger lies only in the failure of the farmer to perceive the point at which the maximum of profitable cultivation under any process has been reached—a danger which should become remote when indicated by the powerful influences of self-interest and the enlightenment which, we are given to understand, the Board of Agriculture is propagating. However, while it is quite possible that the British farmer might play a more important part in the maintenance of his country's food supply,

it is not suggested that, by any methods, or under any system, he could attain the ideals of the economists of the last century, and could contribute to such an extent as to reduce to insignificance our dependence upon foreign supplies, although it has been estimated that there is no reason why we should not develop the growth of corn in this country upon a scale which would make us dependent on other countries for but one-third of our supply. If such an end is really attainable, the means by which it might be attained are worthy of earnest consideration; and, when we think of the enormous sums which the country is compelled to contribute towards the maintenance of a navy to protect our sea-borne food, there should be little hesitation on the part of the people in paying for home-grown food some portion of what they are enabled to save in the reduction of an expenditure upon armaments which has of late been progressing at a rate which cannot, in view of the state of our trade, be long maintained without proving a burden on the people more galling than a trifling impost upon corn.¹

Moreover it would appear to be necessary for our welfare as a nation that a fair proportion of

¹The naval estimates have increased from £14,361,810 in 1889-90 to £35,836,841 in 1903-04.

our population should maintain that standard of physique which an open-air life alone can promote. If we cannot produce corn, there are other branches of agricultural life which offer prospects of profitable development; and we might, at any rate, while placing a small tax upon the raw material, wheat, imported from the United States, levy a duty upon flour of sufficient weight to encourage the establishment of a milling industry in the country. "There is no difficulty in making wheat into flour here any more than there is in America, and the bran and pollard which comes on the wheat would be used in the manufacture of meat in England, instead of in the United States, thus giving our farmers a most valuable supply of cattle food which they do not now possess. The persons engaged in agriculture and all its connected trades, the holders of railway property, other than those engaged in manufacturing industry, would fear further steps on our part, and would vote in favour of a relaxation of their tariff, amounting in time to reciprocal interchange with very moderate duties on those manufactures which both countries can alike produce."¹

It must not be forgotten that England, when

¹ Prof. Beesly, *Report of Industrial Remuneration Conference*, 1883, p. 227.

called upon to specialise for a living, deliberately chose to shape her future in the manufacturing industries, and that, although it may still be rendered possible for her to encourage a minority of her population to turn to the more natural and therefore the more healthy occupation, to the end that she may maintain a wholesome reserve of manhood within her shores, her only hope of supporting her vast and increasing population lies in the production of those commodities which are readily convertible by exchange into the necessities of existence. The question of the methods of cultivation does not stand alone. The small acreages farmed by individuals would form, even if the limited area of our islands did not hinder us, an insuperable obstacle to our ever becoming growers of "cheap" corn. More than half the cultivable land of England is no longer under the plough, and in Ireland the proportion of pastoral to arable lands is 79·3 to 20·7 per hundred statute acres of cultivable land. But if we cannot still pretend to compete with other countries in the growth of cereals, it does not appear impossible that we should grow more live-stock, given suitable stimuli and a better system. It is pointed out, for example, that, while the area under meadows and pasture in Ireland is over eleven times the similar areas

in Belgium, the herds of cattle in the former country number only about three times as many as those of the latter country.¹ This is due to the different methods of stock-raising—the substitution of the tillage of small areas coupled with stall-feeding for our grazing system.

The heavy railway rates are another hindrance to the successful competition of our farmers with those of other nations. The rate on the Irish railways on agricultural produce is 1½d. per ton per mile, on Continental railways it is about ½d. per ton per mile, while in the United States and in Canada it is about ¼d. per ton per mile. The slow, the troublesome, and the often depreciatory system of cartage necessarily adopted by those whose farms lie at considerable distances from the railway stations constitutes a disadvantage not easy to overcome, but the level of the railway rates is such that—to take one instance—a projected light railway, through some of the finest corn-growing country in Ireland, was almost unanimously opposed by the farmers through, or close to, whose lands it was proposed to lay the rails, on the grounds that they could cart their goods more cheaply to the market than they would be able to transmit them thither

¹ *Journal of Irish Board of Agriculture*, 1900.

by the contemplated line of railway ; and the Devonshire fruit farmers constantly complain that they are handicapped by the railway companies which give preferential rates to their rivals on the other side of the Channel. Yet the railway companies are not entirely culpable. The absolute lack of organisation among British farmers, and their apparent failure to perceive the advantages of combining their interests—of forming companies to deal with companies—have brought about a system of transporting their produce to market in dribblets at dribblet rates. But the question of elevating agriculture to the level of a profitable occupation is of a nature too complex to be considered in this connexion with any pretence to adequacy. It only remains to point out that, if we are at liberty to regard a drastic innovation in system and method as practically equivalent to the establishment of a new industry, and to extend to it the treatment and the privileges which one of the most classical of Free Trade economists deemed justifiable in the circumstances, British agriculture should have much to gain from an alteration of the fiscal policy of the State. While it may be objected that the disinclination on the part of our farmers to adopt, or their failure to realise the advantages of, more profitable courses, is no flaw

in our Free Trade policy, nobody will venture to allege that State aid to this industry would not arouse additional enthusiasm and enterprise, and would not awaken those engaged in it to the extended possibilities of their position. When we think that the great Anti-Corn Law movement was really recidivist in its nature, that it was primarily a reaction from the hot pursuit of manufactures to the abandonment of agriculture, that its backbone was the rehabilitation of the farmer, it seems incongruous that a policy which has so failed of its promise, and which it is not now contended can ever fulfil the anticipations which heralded its inauguration, should be aggressively upheld as being conducive to the welfare of those whose interests lie in the soil. If that policy has signally failed to achieve the redemption of agriculture, and if the call of "Back to the land!" passes unheeded as the cry of some desperate dervish of a dying race, will it be alleged that the time has not come when a step in another direction might not be tried—a step which so far as our circumstances are concerned could not at its worst be fraught with greater disaster than that even now apparent in our land? If we cannot progress from our present position, it would seem impossible to recede, and, if protective measures left us station-

ary in this respect, we have still to look to the wider question of the prosperity of our colonies to whom it is obvious we must ultimately appeal for a great part of our food. Whence, then, are we to seek so much of our corn supplies as cannot be grown at home, if we restrict the present sources? If from Canada, a country to cast whose agricultural horoscope might leave us open to the reputation of a Vogel or a Belamy, we are compelled to ask ourselves how a sufficiently rapid development of her farming operations is to be secured, and how a constant stream of corn across the sea, converging upon these islands, is to be safeguarded by our effort. In thinking upon the former question, we cannot leave out of our reckonings the fact that in these days of the exploitation and of the commercial reconnaissance of every corner of the earth from China to Peru, there is a nation which already looks upon Canada with the eye of enterprise, and beholds in her resources and potential wealth which we are very slow to see. Is the development of Canada to be assisted, if not actually undertaken, by us, or is it to be practically handed over to her great territorial neighbour?

Moreover, Canada cannot afford to neglect her own trade and development, and, if the timely encouragement comes not from us, it

must emanate from others, in which event the imperialism of commerce must sever the last lingering constitutional threads which bind that country to the United Kingdom. It has been shown that it is by the United States that the chief shelves of our larders are now furnished ; and if we once more revert to the figures of the population of the United States as compared with those of the United Kingdom, we find that in the period of thirty years ending 1900, the increase in the population of the United States was approximately equivalent to the total present population of the United Kingdom ; and, bearing this in mind, it must occur to us that, in another thirty years or less, the population of the United States will have made at least an equal increase, and that the supplies which they now send for the maintenance of our 41,000,000 will then be required for the maintenance of their own additional 41,000,000 of people. The expansion of their agricultural supplies may, of course, be accomplished by approaching the furthest profitable limits of intensive cultivation, but the great increase in population has been there as here in the industrial centres. Moreover, the moment that the American supplies suffer the smallest restriction the prices will begin to rise in this country. If

it be said that the commerce of Canada must, in accordance with natural laws, amalgamate with that of her powerful neighbour, and must succumb to the attractions of propinquity, then may come the time when, with the memories of Free Exchange still in our minds, we may grow interested in the vision of the United States becoming an importing country, dependent, as we now are, for the maintenance of an enormous population upon foreign supplies—then may come the time when, having built up the prosperity of Canada, stone for stone as we further build our own, we may talk of bonds imperial and material, instead of uttering turgid rhetoric about ties of blood and hands across the sea, conscious all the while that the bitterest feuds that rend human relations are those which divide family blood over family money when once community of interest has been destroyed. Then, if that time should come, when, it is said, Canada's interests will lie in commercial, if not in fuller union with her great neighbour, she will carry into the negotiations by which that end will be effected, feelings towards the motherland that root themselves more deeply in the human breast than age-dimmed stories of ancestral pride, feelings of gratitude towards a real benefactrice for success inspired and practical help

bestowed, feelings which might well induce our sometime colony, still our friend, to insist upon the union being the zollverein of the English-speaking traders of the world. Meanwhile, the one great peril which hangs over England's head is that of an outbreak of hostilities which would render the importation of corn in its present, or even in diminished quantities, impossible, and would therefore provoke panic and destitution in the land. To prevent the happening of such a contingency we expend greater sums of money each year upon keeping up our navy to what is known as the two-power standard ; but, when we realise that a three months' cessation of our supplies from abroad would be sufficient to reduce the whole kingdom to starvation, and that modern naval warfare, despite the advantages of preponderating power, is, so far as can be judged from recent naval actions, fraught with risk and surprise, it can hardly be claimed that our position does not give ground for profound discomfort. If we must continue our great dependence upon sea-borne supplies, and if no measures adopted by the State can again convert Great Britain and Ireland into corn-producing countries, unfortunate as such a condition of affairs may be, nobody who has given thought to the matter can contend that the inconveniences and the

dangers which attend our dependence on other peoples for our food would not be materially lessened were we to know that the supplying countries were bound to us by the ties not alone of friendship, but of self-interest, that no exigencies of State, no laws of belligerency, could prevail on them to cut off, or to diminish their supplies, and that they were ready and willing, for the sake of their own commerce, if for nothing else, to assist our warships in maintaining an open channel for the necessities of life. It should not be our policy to allow any other nation the chance if opportunity arises, of allying famine with arms. If it be retorted, as Mill pointed out, that "it is ridiculous to found a general system of policy on so improbable a danger as that of being at war with all the nations of the world at once,"¹ it may be remembered that the United States has already become the chief source of our food supplies and that, in the event of anything occurring to sever us from that source, it would be next to impossible to obtain adequate supplies from other countries unprepared for so sudden a demand, and unwilling to supply a casual customer to the detriment of an established *clientèle*, except at famine prices. Furthermore, the assertion that low prices in recent years are due

¹ *Political Economy*, bk. v., chap. x.

to free importation requires a proof which is not forthcoming ; and in the face of the existence of other causes which, if they could not alone have produced that effect, must have greatly assisted in diminishing costs, it is illogical to attribute the low price of food to the currency of a Free Trade policy. The great alterations in the sources of supply, the increase in circumstances favouring the production of that supply, the rapid development of agriculture in the United States, while yet it was a young country with manufacturing industries in their infancy, the reductions in freight consequent upon the growth of shipping, must plainly be allowed to have been powerful agents in bringing about a decline in prices.

CHAPTER VIII.

THE POSITION OF THE CONSUMER.

The consumer must, in many cases, contribute to the maintenance of Protection—The direct and the indirect effects of the duty—Extension of industry and regularity of employment as against increased cost of living—The parallel between trade unionism and protective measures—The old ideas as to the incidence of taxation—The necessity of examining the position of the producer—The cases in which the producer pays the whole duty—The Free Trade argument that when the producer pays the whole duty there is no Protection—The *Floreat-edax* policy of the Free-traders—Freight competition—The economic potentialities of the Empire—The tin-plate trade in the United States—The Reports of the Tariff Hearings at Washington—Cairnes on the doctrine of comparative costs in reference to Australia—The short-sightedness of a State policy which relies upon the cost-of-production principle.

To say that protective measures involve an expense to the consumer is thought by some people to be the last word to be said in condemnation of tariffs. It is a mistake made by the more zealous than rational camp-followers of Protection to assert that under a protective régime the consumer is not called upon to contribute towards the protection of the industries of his country, in which he has directly or

indirectly so great an interest. The consumer must pay something for the advantages he derives from Protection. It is purely a question of degree that he is called upon to decide. He must exercise his judgment in the same manner that he does when he sits down to consider the advisability of any other investment of his money. The object of a State being the promotion of the general prosperity of the community, it is difficult to see how this fact *per se* can be advanced as an impeachment of the Protectionist doctrine. This payment, it is said, is bad enough in any case, and while it may be to the interest of the artisan, employed in the privileged industry to "vote Protection" for the purpose of supporting his firm, and thus his own interests, the artisans in other industries which are not blessed with similar privileges must pay a higher price for the products of the protected industry, which, if they happen to come within the category of necessities, is a flagrant injustice. There has never yet been invented a system of taxation which did not fall more heavily upon some persons than upon others. But does the consumer suffer so keenly by the payment of the higher prices under a protective system, which, so far as he is concerned, we will assume, is tantamount to a

system of indirect taxation? Here is the opinion of a writer who is really a hostile witness : " A tariff adding tens of millions of dollars to the income of one great industry may not directly increase the expense of an average family five dollars a year, and this expense, because unknown, may pass as nothing".¹ Recognising the reluctance of the admission by the presence of the implication that the consumer suffers indirectly in many ways, the statement will not stir up a high degree of alarm.

We are told that it is the small and unconsidered trifles, the constant drip, which slowly but surely wear away the foundations of national wealth. But what of the other side of the question? Great industries with vast ramifications abroad, founded and built up by the aid of the State, at the expense of the community—if an opponent will have it so—out of the coppers of the poor—industries of stupendous wealth and proportions are a glorious result of "an expense" caused to the consumer, "which, because unknown, may pass as nothing". It is better that the working classes, who are the bulk of the consumers, should have continuous and well-paid employment under what is called by Free-traders a false, or a premature develop-

¹ Bolen, *Plain Facts as to the Trusts and the Tariff*, p. 247.

ment of industry than that their periods of employment or unemployment should have a causal connexion with the cessation or the currency of "dumping". If that aspect of the case be placed before them, they will not be found so blind to their own interests as to decide that "five dollars a year" is an extortionate sum to pay for regular employment, and the great indirect advantages which accrue from the increased prosperity of trade.

But it is not a fact that the consumer pays the whole tax: at times he does not pay any part of it. Let us examine the position. From the point of view of the older economists the question as to the incidence of taxation was comparatively simple. The tax was regarded as an addition to the cost of production, which was naturally followed by an increase in the selling price, and which again entailed a diminished demand with the imposition of the whole burden of the tax upon those who could afford to continue their consumption of the commodity taxed. This view leaves out of consideration all questions as to the nature of the commodity, the circumstances of competition, the elasticity of the demand, and the amount of the tax. Since it is admitted that any scheme of Protection in the British Empire must involve a duty upon grain

imported from foreign countries, we may also dismiss some of these considerations and confine ourselves to the question of a tax upon imported corn. Making the assumption that the demand for corn and corn products is practically inelastic, *i.e.*, that the fluctuations in the prices of these commodities do not materially affect the quantities consumed, it is evident *prima facie* that the consumer should bear the whole burden of the tax. But there are wider considerations to be made. We have to look beyond the rigidity of the demand and to inquire whether the supply is equally rigid. Any attempt to follow out the complex and sinuous questions as to the causes which bring about the changes in international supply and demand would be beyond the purpose of these chapters, but even a superficial inspection of the circumstances affecting international supplies will show how short-sighted is this view of the incidence of taxation which, be it observed, is that we so often hear enunciated "without fear of contradiction". If, for example, the importing country constitutes the sole, or even the chief, market of the producer—the market to supply whose demands increasing capital has been for years poured into the producer's industry—the producer is compelled to pay the duty until such time as

he can find a market elsewhere. Such is the relationship between the United States and the United Kingdom. The American agriculturist would have no option, in the event of our imposing an import duty, but to pay the duty placed upon the importation of his corn so long as by doing so he could still obtain a better price for his grain in England than he could obtain by unloading it upon the home market, or upon another market already well-supplied. The imposition of a tax does not, therefore, suddenly disturb the equilibrium of the international market. The same reasoning holds good of raw material, or of manufactures. In the case of the former the appetite of established factory machinery is, like that of the human being, fairly regular ; it is not inclined to be diminished by a small increase in cost, and it is not to be quickly diverted without graver losses to the producers than to the consumers. And, in any of the cases, it becomes a necessity for the producer to pay the tax if he considers it worth his while to remain in the market ; and, if he remains under the circumstances, then his profits as against those of the domestic producer must be diminished by the amount of the tax. But if the capacity of the domestic producer be too small to oust the

foreign producer under these favourable conditions the latter will still, in the case of an important market, consent to bear contentedly enough the burden of the tax in order to keep the market, as against other producers who are placed upon a similar footing. If, on the other hand, the demand be elastic, much will depend upon the degree in which the importing country may be able to substitute its own for the imported goods.

But, it will be asked, will not any restriction placed upon the supply of corn into a country which cannot produce its own supplies, under any circumstances, inevitably bring about a diminished supply at an enhanced price? If the duty were so high that the producing country could find a more profitable market elsewhere or was compelled to discontinue producing the commodity, this undoubtedly would be the result; but, as, in any case, large markets are not to be found at random, but, on the contrary, have to be created by process of time, and by tedious competition, even a fairly heavy tax would do little more than hasten the transfer of the supply. Remembering then that the supply must be procured from some quarter, it would appear but natural that the alteration of its source would take place in the direction of those countries

which had not come wholly under the restriction—in the case of England, her colonies. A duty of one or two shillings upon the importation of corn from America would not alienate the American supply in a month or two, and, if it did divert, or even dam, the stream in the long run, the process by which such a result would be accomplished would be one of those slow and—so far as it concerned the consumer—imperceptible movements which produce none of the calamitous consequences which haunt the imaginations of Free-traders.

Now, if the whole tax fall upon the producer, those who levied it are pounced upon by the Free Trade economists who allege that the act of Protection, which ends thus happily and therefore mortifies their prophetic senses and sensibilities, has really proved futile. Here is the argument clearly expressed by M. Charles Gide : “ The price of the imported goods will not be changed, inasmuch as the duty is paid by the producer and not added to the price which must be paid by the consumer. Consequently the competition of foreign goods and the discouraging influence of this competition in home industry will in no wise diminish. Therefore home industries will attain none of the objects for which Protection was desirable ; protective duties will

neither exclude foreign goods nor raise prices. Hence, to the many arguments already brought against Protection we must add the objection that *it does not protect.*"¹ It is difficult to deal dispassionately with so shallow a contention. If the producer pays the whole duty, and if no part of it is thus added to the price paid by the consumer, it is obvious that the producer's expenses incurred in putting his commodity on the market have been increased by the amount of the duty, and that he is therefore handicapped in his efforts to compete with those producers who have not to pay the duty. Or, if we look at it from the other side, the producer who has not to pay the duty is benefited to the extent of the duty, and enters the competitive arena with an advantage which is not possessed by his adversary. Does such a duty not protect? It protects to such a degree that it may alter the issue of the competitive struggle; for, if the producer who is exempt from the duty elects to lower his prices until his profits are equivalent only to the amount of the duty, the producer who is liable to the duty can no longer make his profit, and is constrained to quit the market.

Now let us turn to the consideration of a duty

¹ *Principles of Political Economy*, trans., p. 336.

which falls partly on the producer and partly on the consumer. Suppose we impose upon an article, the demand for which is elastic, a duty which is not prohibitive, but merely restrictive in a small degree; the producing country will have to bear the duty upon so many of those articles as it continues to send us, while the importing country (say England) will have to pay for the restriction by a rise in the price of the article, and its Customs will be enriched by the full amount of the duty levied. Prices will fall in the producing country and will rise in England. The consuming country loses to the extent of the rise in price, and profits to the extent of the Customs collected. The producing country feels its loss when it comes to take payment in imports from the consuming country, and it will have the less money to buy with. The price of the article in this country will not exceed what it was originally by the full amount of the duty. To put a concrete case, if the price of the article was 1s., before the imposition of a duty of 1d., the demand being somewhat restricted, let us say, the price rises to 1s. 0 $\frac{1}{4}$ d.; and of the whole duty collected by our Customs $\frac{1}{4}$ d. thus comes out of the pocket of the consumer, while the State is $\frac{3}{4}$ d. to the good. If it so happen that the duty raises the

price and diminishes the demand until the amount of the duty comes wholly out of the pocket of the consumer, *i.e.*, until the increase in price is equivalent to the amount which should be paid to the Customs, the duty becomes prohibitive and importation is discontinued. So far the argument is admitted by most Free-traders, *viz.*, that a tax on imported commodities, when it really operates as a tax, and not as a prohibition, generally falls in part upon the foreign producer. But here we stumble on full-blown Protection to domestic industries, with which Free-traders will have no dealings. While they agree that a restrictive duty, though inadvisable and unscrupulous, may enable a nation to "appropriate to itself at the expense of foreigners, a larger share than would otherwise belong to it of the increase in the general productiveness of the labour and capital of the world, which results from the interchange of commodities among nations," they deny the propriety and the expediency of fostering a domestic industry by a prohibitive duty. It is somewhat difficult to follow the argument as it leads to the summit of a mountain where the air becomes too rarefied for respiration by those who are not economic theologians; and nobody else who has had the courage

to make the ascent has returned to the base without having brought with him a kind of chronic mountain-sickness, the most conspicuous symptoms of which appear to be a distension of the spleen, and an uncontrollable habit of uttering long-winded generalities which weary, and sometimes confuse, the understandings of men of business. For instance, no mere man of affairs can comprehend how it is that the State might not fulfil its obvious duties in guarding against the improvidence of the individual, that it might not, in other words, perform a politic act, and propagate an industry, which, while it did not appeal to individual enterprise which always seeks a hasty return, would in the end prove a lucrative investment, and which would ultimately bring to the consumers as a mass the inestimable benefits of domestic factories, and fair prices. But we are told they cannot be fair prices, because the consumer will be called upon to pay something more for his commodities than he could have purchased them for previously. Passing over those cases—which are said to be exceptional—where the consumer under Protection does not pay a higher price for his goods, it may well appear equitable that the consumer should be taught to strain his vision beyond the contem-

plation of his own stomach, and that he should balance his losses in some directions against his profits in others. Had the people of the United States been impregnated with physiocratic doctrines, particularly the doctrine of comparative costs, there can be little doubt that to-day they would have been a great agricultural community, growing corn and herding cattle for half the world, composing, as they watched their flocks, hymns of bucolic rapture, giving thanks to Providence that they were not as other men were—miners, blacksmiths, mechanics and engineers. On the contrary, their devotions are of a less pastoral kind, and, as the President of the American Steel Hoop Company explained to the Industrial Commission of 1899, “the truth of the matter is, the Creator of all things has been good to us. We have the raw material, the coal, the coke, the ability, the intelligence, and we are pushing it for all it is worth ; and I think it is only a question of time, and a very short time, when we shall control the iron and steel markets of the world.” Will it be averred of the iron and steel industry of the United States—an industry begotten of Protection in defiance of the orthodox doctrine of comparative costs—that it is not a source of wealth to that country, and that it is not a

remarkable example of the return which a taxed consumer receives upon his temporary expense? But it is said that protective duties, in order to create an industry, must be practically prohibitive, and that, being so, they put an end to importation altogether and thus destroy the advantages of foreign exchange. This did not occur in the case we are considering. If every country of the world became self-subsistent, competition in foreign trade would exist nevertheless; for it would then be competition between the productivity of vast factories and combinations—a question of comparative costs indeed, but not of the Free Trade description. Any one who watches the course of events in Protectionist countries will observe that, so soon as a strongly protective duty has promoted the new industry, and so soon as that industry can fully meet home requirements, the desire for competition in foreign markets soon finds through the medium of negotiations, a means of realisation. Moreover, the expense to the consumer, even if it were not compensated by the advantages accruing from the establishment of new industries in his country, is but temporary, for the producers having gained a firm footing, enter upon the stage of large production which reduces prices all round, and they determine to take the field in competition with

other producers abroad. So it is that the traders in the tin-plate industry of the United States, after its period of probation, begin an export business, and actually return to England to sell against the manufacturers from whom they once purchased ; and so it is that the myopia of the Free Trade theorist receives its practical demonstration.

If it be permissible to dwell further here upon this doctrine of comparative costs—for it really contains the chief cause of difference between Protectionists and Free-traders, or between the practical and the theoretical controversialists—we may arrive at a very clear idea of the argument from expediency advanced by Protectionists. Referring to Australia, Cairnes writes : “ Australia became the importer of everything that from its nature admitted of being imported ; and, what is especially to be noted, among the things thus imported were many which she could have produced herself at far less labour and abstinence than they were produced at in the countries from which they were brought. For example, timber was imported from the Baltic, although there were forests in Australia capable of yielding timber quite good enough at least for mining purposes, for which timber was mostly required. Butter

was largely imported from Ireland, and I believe also from England and Holland, though the advantages possessed by Australia for dairy farming in her unrivalled pastures and abundant cattle were exceptionally great. Similarly, with unlimited areas of fine agricultural land, she imported nearly all her food ; and, with the materials of leather cheaper than in any other part of the world, she imported all her shoes. What was the explanation of these facts? In all cases one and the same : it was to be found in the principle of comparative costs. Australia had considerable advantages over other countries in respect to timber, butter, food and shoes, but she had a greater advantage still in respect to gold ; and so it became her interest to obtain the former things by means of the latter." Now, these are the lines on which a State is recommended to frame its policy. Australia was right, we are informed, in bending all her energies to gold production, and, by doing so, in allowing to rot all the materials which she might have converted into leather, the cost of production of which would have been less to her than the price at which she was able to import that material. Instead of the State being encouraged by Free-traders to lay the foundations of an enduring prosperity, it is

distinctly advised to devote all the wealth and labour of its people to the one industry, to take no thought for the morrow, and to think that it will be time enough to shake hands with the devil when he suddenly arises from depleted gold mines. It would be of no avail to say that, when the gold was exhausted, the miners would turn their hands to other occupations. They would have neither the skill nor the inclination to become dairymen and shoemakers, hewers of wood and drawers of water, but the population of the country, having been engaged only in the one industry, would, the moment that industry fell into decay,

Fold their tents like the Arabs,
And as silently steal away.

It is the most important duty of the State to safe-guard the community from the covetousness and short-sightedness of individuals, or groups of individuals, and if, in a case similar to that cited, the State did not exercise prevision and lay the foundations of the enduring prosperity which could only come from the establishment of a diversity of industries, it would be open to charges of grave obtusity, or else of palpable corruption. Just as a man whose mind has been educated exclusively in the one direction cuts but

a sorry figure in life, whether in respect to his own comfort, or in respect to the advantage of the community, so a people whose thoughts and energies are devoted only to one or two occupations is inadequately equipped for a successful existence. This is not to say that neither individuals nor States are to avail of their proper aptitudes. That would be folly. A physician who knows nothing of sociology, of hygiene, of psychology, and even of ordinary domestic life, no matter how learned in therapeutics, suffers in respect to his profession, as he does in respect to his daily life, from all the disadvantages of a narrow mind ; the community, skilled only in one or two industries, labours under an incompetency which renders it over-dependent upon others and makes it intellectually short-sighted, unenterprising, and politically feeble. " It is an undisputed maxim of political economy that the separation of professions and the division of labour tend to the perfection of every art, to the wealth of nations, and to the well-being of the community. . . . The more the powers of each individual are concentrated in one employment, the greater skill and quickness will he naturally display in performing it. But while he thus contributes more effectually to the accumulation of national wealth, he becomes more and more degraded as

a rational being. In proportion as his sphere of action is narrowed, his mental powers and habits become contracted and he resembles a subordinate part of some powerful machinery. . . . If it be necessary, as it is beyond all question necessary, that society should be split into divisions and subdivisions in order that its several duties may be well performed, yet we must be careful not to yield up ourselves wholly and exclusively to the guidance of this system ; we must observe what its evils are, and we should modify and restrain it by bringing into action other principles which may serve as a check and counterpoise to the main force.”¹

If, then, in the above quotation we substitute for the individual, the community, and for the “national wealth” the aggregate wealth of the world, the accuracy of the analogy will at once be manifest.

But to revert to the question of protective tariffs, it may be excusable to consider another form in which the Free Trade argument is sometimes given. Taking the case of freights, and considering the analogy which exists between them and taxes so far as the consumer is concerned, we are told, for instance, that, if the

¹ Dr. Copleston, *Milton on Education*, cit. Newman, *University Education*, p. 161.

freights upon corn coming from the United States to the United Kingdom were reduced, the consumer would benefit by the reduction inasmuch as the amount of the reduction would be added to the producer's profits, and inasmuch as a greater number of producers, allured by the enhanced profits, would hasten to send their corn to England and would thus lower prices to a level which differed from that of the producing country only by the cost of freight. Therefore, it is said, the consumer benefits by the full amount of the reduction of the freights, and, therefore, it is argued in the converse case, he would suffer by an increase in the freights. All this is true *prima facie*.

But let us turn to the consideration of the benefits enjoyed by the consumer. By the reduction of freights the first thing that happens is an increase in the profits of the foreign producers without, perhaps, much alteration in the prices. The consumer does not yet feel the effects of the lower freights. Next season, the number of foreign producers increases by reason of the additional profits, and their competition lowers the price of the commodity possibly by the full amount of the reduction in the freights ; and, considering the larger scale upon which the alien merchant produces his commodities, the domestic

consumer transfers his custom to the foreigner who ultimately becomes his sole source of supply. Here indeed the consumers who (in the case of corn) do not happen to be farmers or millers benefit by the reduction in the freights. But what is their position? Buying in the cheapest market, and heedless of all else, they have relegated to ruin the producing industry in their own country ; they have impoverished the State and robbed themselves of all the wealth which lay in the carrying on of the industry at home. Again the reduction of freights encourages the foreign country to hasten towards the farthest limit of profitable production—a limit which, in the case of agriculture, is well-defined. Meanwhile the dimensions of the supply are being narrowed by the increases of population in both the producing and the consuming countries and (if this false distinction between producers and consumers may be permitted for the purposes of the international argument), without going to the extreme case where the source of supply is dried up by reason of the producing country's reaching a stage at which it can absorb all its own products, the moment there is a shrinkage in the supply the consumer is compelled to pay higher prices, not only because of the reduced supply, but because of higher freights in other directions.

Moreover it is unreal to assume that corn prices follow freights with that closeness which the argument necessitates; for, apart from the influences of good and bad harvests, the producing country cannot find the producers in sufficient numbers to bring about that sudden and fierce competition upon which the abstract reasoning depends; and if it could, the modern outcome of such a juncture would be a combination among the foreign producers to fix a scale of profits. Further, at some period of our inquiry we are bound to drop the hypothetical distinction between consumers and producers, for, in fact, the majority of consumers are also producers, and, if we assume that the blacksmith is benefited, or injured, by a fall, or a rise, in the price of corn, it is possible that his benefit may be destroyed, or his injury may be redressed, in the one case, by induced competition of men whose standard of life is lower than his, or in the other by a measure of protection to his industry against blacksmiths elsewhere who are still content to eat the *pain bis* of the eighteenth century. The case of corn is rather inappropriately chosen by Free-traders to illustrate the argument, as agriculture was the one industry which received its death-blow from the introduction of free importation; and the stern advocates of freedom of trade

should be the last to make haste to diet themselves upon food which, by reason of the foreign producers' habit of making special export prices and rates, is in reality bounty-fed.

Apropos of this subject, it is remarkable that few of those conditions which existed for the protection of the British agriculturalist in Cobden's time remain to-day. There has been a great and unanticipated reduction in freights; and, as a matter of everyday experience, the reduction of freights upon one line of steamers is followed by a similar reduction on the part of a competing line, while if we take the larger aspect of the case, all lines, no matter what their routes, are in competition, seeing that the countries owning them are in rivalry one with the other. The reduction in freights is really equivalent to a lessening of the distance between the countries affected, and it thus deprives the producer in either country of a part of the natural protection which he had previously enjoyed; in other words, it levels down some of those inequalities which existed between competing producers—a consummation, according to Free-traders, devoutly to be wished. If, however, natural protection confers, as Free-traders admit it does, necessary benefits upon the producer and the consumer, why should

not certain measures of artificial protection produce similar effects? Nobody would suggest that, so long as an adequate natural protection remained artificial measures should be adopted ; but if the failure of one prophecy more than another demonstrates the falsity of Free Trade prognostications as to the effects of natural protection it is that which assured the British agriculturalist that he would always have a big protection in the freights which his foreign rivals would have to pay in order to bring their goods into the British markets. Geographical distance has been reduced to insignificance since Cobden was in his glory—since the greater part of the ocean-carrying trade was still done in wooden vessels. When Cobden spoke of removing the corn duties, he contended that agriculture could not be injured by their repeal, and, in doing so, he laid stress upon the natural protection enjoyed by our own farmers in the freights which were then current. He quoted the average freight on grain per quarter for ten years between Dantzic and London at 10s. 6d. The freight between these ports to-day is about 1s. 2d. per quarter ; the freight between Odessa and London is 1s. 4d. per quarter ; the freight between New York and Liverpool is 11½d., and between Chicago and New York, 1s. 11d. per

quarter. In the last thirty years the freights on grain per quarter between Chicago and New York have been reduced from 6s. 4½d. to 1s. 11d., and between New York and Liverpool from 3s. 11d. to 11½d. (steamer rates). "Every ton of coal now carries thirty-two times more cargo than it did a few years since. In the best compound locomotives two ounces of coal will move a ton of cargo one mile, and half that quantity will move, in our best steamers, a ton of cargo and its proportion of the ship for two miles. . . . When the depression began in 1873, the number of hands required for 1,000 tons of shipping was forty-seven; it is now reduced to twenty-seven. In other words, by labour-saving contrivances at sea and in the port, the same quantity of work can be done with 70 per cent. less manual labour. This explains the fact that, while our mercantile marine, between 1870 and 1880, increased its foreign entrances and clearances by 22,000,000 tons, it decreased the men employed by 3,000."¹ Thus natural protection is whittled away, and still the British producer is told that he must hold himself bound by the laws of the physiocrats not to make any endeavour to repair his losses. If producer A is,

¹ Lord Playfair's speech at National Liberal Club, 1888.

by virtue of some volcanic disturbance, brought into greater geographical proximity with producer B, producer A would admittedly suffer by the removal of part of that protection which Nature originally gave him, and which the Free-trader is wont to meditate upon as a Heaven-sent blessing ; or, if in the converse case, the distance between producer A and producer B was, by some similar cause, made greater, producer A would benefit by producer B's being burdened with an increased cost of transport before he could enter producer A's market. It is difficult to discover any distinction between this suppositionary case and the case where there is a reduction made in freights by an enterprising shipping board—as difficult as it would be to follow the reasoning of one who insisted that, while A was justified in availing himself of the advantages of shelter and defence which were proffered by the woods and the hills and the precipices bounding his estate, B should be held up to obloquy because, possessing none of these advantages, he built a wall or dammed a stream.

But again, in the parcelling out of the earth's surface which has taken place, natural benefits are unequally distributed. The United States farmer can command an area to which the eye-

sight of his English cousin would take time merely to adjust itself. This might be regarded as an instance of Nature's bounteousness which must indirectly accrue to the benefit of the English consumer, but, supposing that before a great reduction of freights the English farmer had had a fair share of the trade in his own market, the protection—none the less real because “natural”—which gave him that share being practically removed by artificial means, he is hampered in, if not stamped out of, his industry ; and his market forms a bone of contention for alien producers who, under present fiscal conditions in the United Kingdom, are at liberty to assist in a freight war, and to play with the “natural” protection of the British producer. But reductions in freights are not due to Free Trade ; and they will continue to be made under any conditions, though it is possible that there would be an incentive to greater reductions if England became a protective country.

We are told, however, that we must look only to the consumer. He is benefited. That is the point. Other home producers are subjected to the same treatment as the agriculturalist, and the consumer not only gets his loaves, but his warming-pans more cheaply ; and he finds himself able to live with an aristocratic abhorrence

of trade, upon the interest of inherited capital invested abroad. *Floreat edax ruat industria !*

But these reductions in freight charges are really not suppositionary ; they are being effected every day under the influence of competition, although, as we have seen elsewhere, the reductions in freights are very often made in favour of those who have the largest quantities of produce to be carried ; and in these cases the dynamics of trade belie the theoretical reasoning to which we have just referred. At any rate, the cheaper freights made in favour of the large producer have, as has been pointed out, brought into operation the practice of " dumping," which, if Free-traders care to have it so, benefits the consumer but does so, be it noted, at the expense of the manufacturing industries.

Furthermore, it does not appear to be realised by Free-traders that, so long as the United Kingdom stands economically alone, it must, in the nature of things, slip from that industrial position of which they are so proud. In some respects England has already forfeited her pre-eminence, and, when we consider the vast resources of both the United States and Germany, it is inevitable that her future position must be that of a third rate industrial nation. Without anticipating the observations to be made upon the Imperial idea, it must be obvious from the evidence afforded by

the facts, which we have been considering, that the only hope of redeeming our position of supremacy lies in the consolidation of the Empire into one great economic unit.

It may be worth while citing a case, the name of which has already figured prominently in the present controversy, *viz.*, that of the tin-plate trade. This trade was established in the United States under the tariff of 1890. The tin-plate manufacturers were aggregations of small investors, small plants being owned by some two hundred stockholders, the workmen themselves in a large number of cases being owners to the extent of their savings. At the Tariff Hearings of the Committee of Ways and Means held in Washington in 1896-97, Mr. Cronmeyer, representing the tin-plate manufacturers, remarked that there could be "no better demonstration of the ability of the American workmen to master a new trade, and of the American managers to compete with the knowledge that came with many years of experience to Welsh makers, than that found in the tin-plate industry. *It also demonstrates the utility of a protective tariff in giving the consumers the benefit of lower prices*, and, so far as we have been able to discover, we do not know of an instance in which the opportunity to

establish an industry by reason of a protective tariff has so quickly resulted in lower cost to consumers than has been afforded by tin-plate manufacturers in the United States." Since the establishment of this industry, imports to the United States from South Wales have fallen heavily ; and, although this is allowed by Free Trade controversialists, it is alleged that the export of other manufactures from South Wales has been increasing. Naturally, the inhabitants of that country have to pay for imports to meet their growing needs, but we are not informed to what extent coal has become a substitutionary export, while there is no report upon the condition of the tin-plate workers. This has, no doubt, been overlooked by those whose minds are prepossessed with assumptions about the transferability of capital and labour. But to return to the question of the cost to consumers in America. It is said that the state of affairs which existed in 1890-97 has vanished, and has given place to a tin-plate trust which has raised prices to consumers. It has. But the trust has not raised prices to the level at which they stood before the establishment of the new industry, and, even if it had done so, America would be the gainer of an important domestic manufacture which now exports to Europe.

CHAPTER IX.

LABOUR.

The sensitiveness of the labouring classes to the effects of economic change—The sharp results of restricted imports of raw material—The motives which animated the Corn Law Repeal movement—The effects of free importation upon wages—The assumed consequences of the Repeal—The failure of the Free-traders to consider alien immigration—The position of the consumer—The question of equalising the conditions of competition—The true interests of the consumer—The argument against Protection upon the basis of the limitations of capital—Its invalidity—The price of corn and the marriage rate—The altered position of corn in regard to the budgets of the working classes—Mr. Bowley's conclusions—The altered standard of living—The political power of the working classes—Trade unionism in Great Britain, United States and Germany—Protection indispensable for the maintenance of a high standard of living—The modern competition mainly a competition between standards of living.

IN previous chapters the subjects treated led now and again to brief discursions into the domain of the remarks which remain to be made upon the position of the labour interest under a protective system. Reluctance is naturally felt by the statesman, and, perhaps, still more by the economist, who recommends any

alteration in a long established fiscal policy which might entail sharp effects upon those complex compensatory relations which obtain in the life of the labouring community. The gravity of the question necessitates the deepest reflection, but if, upon a mature consideration of authenticated facts, and upon an exhaustive analysis of the causality of the measures meditated, there appear reasonable grounds for thinking that the alteration contemplated would promote the welfare of the community in all its grades, it would, in the face of modern conditions, be a fatal pusillanimity to neglect its accomplishment. Any diminution in the imported supplies of raw material, any slackening of production, or any increase in the cost of living must be first and most acutely felt by the working classes, through whose prosperity and efficiency this country can alone maintain its position. If one-third of the supplies of raw material at present imported into England were stopped, it is estimated that 660,000 persons would be without wages,¹ and even this is but a superficial view of what would really happen in the train of the calamity supposed. The cessation of these supplies in any degree would have

¹ *Journal of the Statistical Society*, March, 1894, Lord George Hamilton.

immediate and very palpable effects upon the entire community. But if the masses of the people are the most susceptible to influences of an injurious nature it is clear that they must also be the most sensitive to changes which bring about the amelioration of the whole population. Labour in itself is nothing without the capital which it produces, and which in turn maintains it ; and those measures which are calculated to promote the prosperity of the manufacturer are also calculated to produce corresponding prosperity in the working classes in an enlightened community ; and, if the advantages which accrue to the masses are not proportionate to those enjoyed by the upper classes—as has long been the case in this country—it must be evident that there are new forces at work in the community which are for ever tending to break down this barrier of incongruity and to raise the standard of life among the people. There are plain tendencies “ to strengthen and equip at the general expense the lower and weaker against the higher and wealthier classes of the community ”.¹ How far these forces can be said to be identical with the efforts of the working classes themselves need not concern us here ; but it is obvious that the future success of the work-

¹ *Social Evolution*, B. Kidd.

man's endeavours to raise himself to a position in society, better than that which he has hitherto held, must necessarily depend, in a great measure, upon the prosperity of the classes from whom he obtains employment. The relations between employer and employed are the subject of a contract, and must, therefore, largely depend upon the will of each, but whether those relations be amicable, or whether they be combative, an increase in wages, regular employment, and improved conditions of labour can only proceed from increased wealth of manufactures. The essence of socialistic, and of all labour propaganda, is to secure for the working classes a greater share of the wealth in the creation of which they play so important a part. Wages, it must be remembered, are an advance of capital, and the aims of labour organisations are mainly directed towards reducing the rate of interest charged by the capitalist. The rate of interest must, however, depend largely upon the amount of capital seeking investment, and, if Protection, as has been pointed out, favours the multiplication and the growth of industries, and prevents the export of capital by encouraging investment at home, it is certain that the demands of labour under a protective system, must stand a better chance of being met by concession on

the part of employers. The repeal of the Corn Laws was, as we have shown, strongly supported by those who believed that only with cheaper labour could England maintain her industrial supremacy when brought into competition with nations among whom the wages, and the conditions of labour, were lower. It was a step designed ostensibly for increasing the purchasing power of the wages then current in this country by cheapening the staple food of the labourer ; but, amid all the excitement of the agitation which culminated in the abolition of import duties on grain, there was scarce a word uttered in favour of raising the standard of life among the masses of the people. The evolutionary forces, then as now, at work upon the building-up of that complex structure, which we call civilisation, were left to proceed unhindered in their activity so far as the Anti-Corn Law agitation was concerned ; and, while the free importation of grain increased the purchasing capacity of the current wage, and was thus equivalent to an increase in the remuneration of labour (an increase which, by the way, some of the manufacturers with characteristic *amour propre*, had hoped would leave room for a reduction in the money wage) these forces were raising the standard of life, and laying the foundations of successful

claims to higher remuneration and better treatment. Wages, instead of falling, rose, and the wealth of the labouring classes increased.

The supposition upon which the Anti-Corn Law crusade was conducted, in fact, the hypothesis upon which the whole Free Trade theory of Cobden and Bright was built, was that, upon the establishment of Free Trade, the local conditions in all countries would assume a kind of compensatory balance, under which all peoples would have fairly equal costs of production, by reason of a natural differentiation of industries, and that the absolute freedom of the labour market, except in respect of geographical considerations, would "cosmopolitanise" labour. But since the supposition never became a reality, as was anticipated, there still exist, and will ever continue to exist, great divergencies between the rates of remuneration of labour in the different countries of the globe.

It does not appear to have occurred to Cobden and his followers that there was not such a great advantage in cheapening the staple food of the working-man if, at the same time, they admitted, without restriction, into England, the Polish Jew and the half-starved Italian, to whom the British "living wage" was affluence, and to whom, on that account, the task of

competing with the British workman involved no self-denial. If the free importation of corn removed a tax from the consumer, the free importation of alien labour imposed another tax upon him, and *a fortiori* the free importation of the products of alien labour placed a still heavier tax upon his head. And, curiously enough, many of those who still avow themselves unalterable Free-traders are induced, by the realisation of the consequences of this policy, to recommend the exclusion of alien labourers on the ground that their standard of living is inferior to that of our own workmen. This is nothing but Protection pure and simple—the placing a tax upon the consumer by raising the cost of production in order to maintain that high standard of existence which, in the eyes of the genuine Free-trader, is unnatural and therefore deplorable, but which, be it noted, he does not propose to alter.

Protection is advocated as the preferable of two alternative courses by the pursuance of either of which we could equalise the conditions of competition—that chosen by the Free-traders being the adoption of a system of domestic economy under which a reduction of wages is said to be indispensable, and that selected by the Protectionists being a tax upon foreign im-

ports which will add, as it were, to the foreigner's cost of production for export, among other things, the differences between his wages and ours. If then, on the other hand, the consumer would willingly pay the whole tax, as assuredly he would (say in purchasing clothing at a higher price) in order to exclude low-grade labour, and to keep out of the labour market the thousands of impoverished foreigners, who are ever ready to undersell the home labourer, and to drive him into the ranks of the unemployed, it would appear to be only logical to infer that he would, with as great alacrity, contribute, through the medium of the small tax upon manufactures, to the exclusion of a part, at any rate, of the products of that sweated or "pauper" labour when operative, not in his own country, but elsewhere—labour which, by reason of the feeble natural protection offered by modern freights, is still able to exercise a depressive effect upon our markets. The principle of free importation, if it be worth preserving at all, would seem worth applying to all commodities alike.

It is argued that Protection is a wrong principle because it brings into existence industries which are unsuited to the country adopting it, because it bolsters up those industries which are suffering from senile decay and which would

therefore be better out of the way ; and because, in doing this, it does not *really* provide occupation for more labour but merely diverts the stream of labour from other industries which, but for the protective measures, would grow stronger by reason of their greater support ; that is to say, it is alleged that protective measures produce only a transition of capital from one industry to another, and that, as the amount of capital remains the same in any case, the position of labour cannot be improved. Here is another fallacy which plainly arises from the Free Trade habit of considering only the statics of the case. It is strange that the very persons who make use of this form of argument are those who have never done congratulating first themselves and then their country upon its annual additions to its wealth. If the industrial prosperity of the country be increasing it is manifestly absurd to speak of the amount of capital as being stationary. Again, we have to deal with movements, and it is misleading to single out a set of stationary objects and to dwell upon the fixity of their relations, or, worse still, to assume that something is stationary, which is not, and to compare it with something which is in motion. The political economy of the future must be a science of kinetics, We do not live in a firmament of fixed stars.

But to return to the phases of labour as evinced throughout that period over which it is possible to extend our observations with any degree of exactitude. There is not the slightest doubt that in the early part of the last century the condition of the working classes was largely dependent upon the price of their staple food, bread, and this fact is demonstrated by the figures which show the influence of the price of corn upon the marriage rate. Porter¹ gives the following figures in this connexion :—

		Marriages.	Price of Corn.	
			s.	d.
1832	-	242,469	52	0 per quarter.
1833	-	263,553	38	0 " "
1834	-	271,220	34	3 " "
1835	-	275,508	34	5 " "

But the relations between these sets of statistics did not long continue, for "in 1860-62 and in 1862-64 wheat rose and fell while the marriage rate fell and rose; wheat rose in 1865-67 while the marriage rate was at first stationary and then fell a little; then it continued to fall in 1868-70, though wheat was falling also; and, in 1870-80, the marriage rate shows a long, wheat two short fluctuations. Since 1880, in years in which wheat fell, the marriage rate

¹ *Progress of the Nation*, p. 454.

in general fell also, and *vice versâ*.”¹ Thus the part which wheat plays nowadays in the budgets of the masses has ceased to be as great as it formerly was ; and, the standard of living having become higher, there is no longer any appreciable connexion between the marriage rate and the price of bread. To what influences, then, are fluctuations in the marriage rate to be ascribed ? Mr. Bowley, who has carefully worked out figures and constructed elaborate diagrams in this connexion, maintains that the marriage rate nowadays is affected chiefly by “the general prosperity of the country, *well indicated by the condition of foreign trade*”.

The standard of living has been raised, but there is yet much room for improvement, and, if that improvement is to be dependent upon “the general prosperity of the country, well indicated by foreign trade,” the perusal of the arguments in chapter iii. will show how faint are our hopes in this direction under existing circumstances. It will not be disputed that the standard of living is not high enough among the labouring classes. It is true they no longer suffer the pinch of famine as they once did ; their wages are not made by hook or by crook just adequate

¹ Bowley, *Elements of Statistics*, p. 175.

to keep body and soul together, but a large number of them do not yet obtain sufficient for the maintenance of physical efficiency. Is this then, it will be asked, a state of affairs to be remedied by the taxation of corn? The labourer nowadays does not live by bread alone. It is well for him and for all parties that he has progressed a little beyond that stage. A more nutritious dietary than that at present in use should be the object of any reform; and the increased prosperity of the country's industries alone can accomplish this result. Free importation all round shows no tendency to hasten a betterment of the standard of living, and it is a question that cannot be lightly treated as to whether, considering the operation of those forces which we have been discussing, a fiscal system directed towards the encouragement of industrial progress would not speedily effect this end. It cannot, indeed, be contended that an increase in the cost of living is immediately followed by an increase in the wages of the working classes. There is no evidence derivable from English history to corroborate such an opinion. The wages of labour are not affected by the price of bread except when they stand at a minimum, or when the labourer's position is little short of a state of slavery. But

to admit this is not to say that the relation between wages and the general prosperity of the country is equally untraceable, and that the connexion between wages and the cost of living is constant. The rate of adjustment may be accelerated or retarded. If, in the past, the rate of wages has followed the prosperity of the country *pède claudo*, the connexion between the two has long since suffered an alteration which is in itself an index to the social development of the community. The correspondence between the rate of wages and cost of living as indicated by the social advance of the people has been difficult and tedious under Free Trade, mainly by reason of the drag imposed upon the general prosperity of the country by the necessity of unequal trade competition.

The wages of labour tend to follow profits, and the fewer the industries in a country, the smaller is the differentiation of labour, and the greater is the reduction of profits by the competition for the supply of a limited demand. Were two or three great industries to dominate one country, the large classes of workers would be restricted to those industries, and the wages would be limited by the marginal demand for the products of those industries. From these considerations—admitted, we believe, by all econo-

mists—it follows that any act of the State which produces a greater diversity of industries necessarily raises profits, and thus raises wages in each of the industries ; and that, when the limits of differentiation of industries are reached, and when profits, and, therefore, wages begin to fall, protective measures alone can prevent a decline in the wages of such industries as are brought into competition with similar industries in countries where, by reason of a less degree of differentiation of industries, the remuneration of labour is smaller.

It cannot be denied that if, for example, a tax placed upon imported corn was so small as not to restrict the supplies, and, if the profits derived from that tax were expended upon the country, either directly, in the encouragement and the improvement of industry, or indirectly in the reduction of taxation, say, for naval expenditure, the influence of such a policy would redound to the wealth of the community by rendering the purchasing capacity of the current wages greater, by giving employment to a fair proportion of the vast part of our population which is now said to dwell upon the verge of hunger, and by improving the general status of the labourer. It, however, appears to be one of the inexplicable inconsistencies of popular opinion

that it matters little, comparatively speaking, at what figure the poor-rate stands, so long as Free Trade is maintained, and so long as we do not pay a smaller sum than is now contributed to the upkeep of the unemployed for the creation and support of a large industry. In any case it is manifest that a great degree of exaggeration characterises the polemics of those who raise the cry of the "dear loaf" and who assume unwarrantably that bread is the all important consideration to the working classes of the present day. It has long ceased to hold the same place in the bill of fare of the working man that it formerly held; and it is even desirable, in the interests of efficiency, that it should become a still less prominent item in his family budget. There is little likelihood that any readjustment of our fiscal system would be made to thwart the object with which it was inaugurated by taking from the means of attaining greater efficiency among the labouring classes, who, it may be again recalled, are no longer in the down-trodden and helpless position of their predecessors of more than half a century ago. With the political power that is now entrusted to them, and with the powerful combinations that they have at their command, there is little danger that, if the cost of living be increased and the industrial

condition of the country improved without a proportionate adjustment in the remuneration of labour, an undue disparity between the rate of wages and the cost of living will be long suffered to exist. No country in the world is stronger than England in respect of labour combinations. In Great Britain in 1902, there were 1,905,000 trade unionists as compared with 1,600,000 in the United States and Canada, and 995,000 in Germany—figures which, if we take into account the populations of the countries compared, show the infinitely greater strength of labour combinations in this country.¹ The greater growth of trade unions in England is, no doubt, due to the efforts of labour to defend itself against the tactics to which the manufacturers are driven in their attempts to make good the losses of profit in their export trade to protected countries, by cutting down wages to the uttermost farthing. The smaller membership of trade unions in a country like the United States may be taken as an indication that the grievances of labour are smaller there.

One of the main objects of Protection in the United States is the maintenance of a high standard of living among the masses of the people by the taxation of the products of other peoples who “do not attain the same level of

¹ See *Report of the British Iron Trade Commission*, 1902.

civilisation"; and it must be evident to anybody who clears his mind completely of the cobwebs of hundred-year-old philosophies that modern industrial competition is mainly a competition between standards of living. Free Trade necessitates the maintenance of wages at a minimum in order to continue in competition with other countries where wages are low, or where, if they be high, protective measures counteract the consequences. The spread of education, the encouragement of thrift, the extended political power of the masses, and all those reforms of which we make boast, produce increasing aspirations in the working classes towards higher conditions of life, and promote combinations whose main objects are the amelioration of the status of their members by obtaining for them a greater share of the wealth produced by their labour. Thus we have a force perpetually operating in the community against a condition of things which is deemed by the capitalist to be indispensable to successful international competition. For instance, it is constantly averred that the cost of the production of coal in this country—of which wage is the largest factor—hampers the British manufacturer in his struggle with the manufacturers of other nations; and it is said that unless the

miners' wages can be kept under control, *i.e.*, held at a figure which the capitalist considers proper, our industries must suffer irreparable defeat, and the miners are reminded that by their agitation for increased remuneration they are killing the geese with the golden eggs. But will any one who does not lay claim to the venous ichor of the Plantagenets, contend that either experience or reason justifies the hope that any conceivable strategy can prove effective to stay the power of the masses when exercised judiciously? The cheap labour cry had played, as we have noted, a prominent part in the Anti-Corn Law agitation. Its futility is visible to-day. Cheap labour is, of course, a relative expression, and the question arises whether it is to be cheap relatively to the social ideals which the State is persistently instilling into the minds of the people, or relatively to the manufacturer's ideal margin of profit. If the former are to be taken as the criterion, there is no hope of stemming the tide of social progress; whereas if the latter represents the touchstone whereon to test our wages, it would be necessary to institute by law a committee of capitalists to report on their profits and to draft a sliding-backward scale of wages to harmonise either with the consequences of their own sloth and

stupidity, or with their honest failure brought about through the economic fallacies of the State—which is absurd.

The equalisation of international competition, so far as wages are concerned, is one of the foremost reasons for the institution of tariffs. For instance, the general standard of living is higher in the United States; the workmen are better fed than the British workmen, and they are quite as well clothed and housed, while the majority of them own their own dwellings.¹ If evidence be required of the sincerity of the Protectionists' avowals as to the motives which lie behind import duties it can be found in the actual words of both manufacturer and workman before the Committee of Ways and Means held in Washington, 1896-97. If it be said that the capitalist cannot be expected to recommend protective measures in the interests of the workmen, it may be allowed that he is the despot he is so often painted, but the fact nevertheless remains that, if his industries flourish, and if the demand for labour increases, the power of the working men is at the same time augmented, and their march towards social improvement can move along an easier path. The different degrees of social advancement to which the

¹ See *Report of Mr. Mosely's Commission on Labour*, 1902.

workmen of the different countries have attained make competition without protection a cruelty to labour. "The American tin-plate manufacturer cannot supply the tin for this trade (oil) until he is able in some way to overcome the difficulties in wages paid to labour." "Fully 85 per cent. of the value of a razor consists in the wages paid to labour. It is obvious that a protective tariff to the extent of the difference paid in wages in this and foreign countries is absolutely essential to the industry. With such a tariff we know that this country (the United States) will soon supply the American market with razors without any increase whatever in price to the consumer. *We are not seeking more profit on razors, but more razors to manufacture.*" "We (window-glass manufacturers) have to compete with Belgian skilled labour with wages of about a mark and a half a day as compared in this country (United States) with \$1.50 a day. There is a difference of 200 per cent. or more than that. . . . It is evident that we cannot compete with those wages without something to make up the difference." "All we (metal and glass button manufacturers) ask is a fair duty, giving us a chance to compete with the manufacturers of Europe, in order to enable us to employ American work-

men at American wages." "The chief countries from which articles of flint glass are imported into this country (United States) are England, France, Germany, Belgium and Austria, but of all these the last, Austria, or more properly the Province of Bohemia, is the worst competitor, because it is in Bohemia that the labour of producing articles of glass receives the least compensation." These are a few phrases taken at random from the evidence given at the American Tariff Hearings, and they show that in a great measure the relief sought is really the protection of labour, by the equalisation of competition through the media of duties, and thus, by the maintenance of a high standard of life. It can scarcely be argued, despite the admitted difficulties in the regulation of tariffs, that appeals to the State for the maintenance of the position of the working man are not better than the efforts, of which we have plenty of experience, to cripple by legislation the attempts of labour to assert its rightful claims to a greater share in the profits of production. There is no theorem of the Free Trade economists so indisputable in the abstract, and yet so untenable in the concrete, as that of the transferability of labour and capital. It is the balm that is offered to the hurt minds of the manufacturers, and it is the viaticum bestowed

upon the departing labourer, when the hostile tariff of another nation closes a mill or wrecks a manufactory in this country. It may be expedient to assume, for the purposes of exposition, that a line is length without breadth, and that a point is position without magnitude, or that the same intelligence and the same muscles which can make horse-shoes can also make artificial flowers, but we know that in relation to practical affairs these suppositions are absurd. But assuming the transferability of labour, and neglecting the capital expended upon the acquisition of skill, we are confronted with the doctrine of comparative costs. Thus, if wages in our cutlery trade are higher than those in the same trade in America, cutlery must go, and British cutlers must turn their attention to glass-blowing, but if the wages of British glass-blowers become higher than those of glass-blowers in Bohemia, glass-blowing must go, and glass-blowers must seek employment in glove-making, and if glove-makers in England are paying higher wages than their *confrères* in France, glove-making must go, and so forth. Such a process would transfer the industries of the world to those countries where labour approached most nearly to the state of slavery. If it was our duty to seek out those quarters of the globe where we

could have all our commodities produced by cheaper labour than is obtainable at home, then, indeed, we might say with one accord : " Sugar has gone ; silk has gone ; iron is threatened ; wool is threatened ; cotton will go," until, by a species of economic sorites, we should find ourselves left with a highly paid and highly skilled nation of poetasters, " impressionists," dancing-masters and possibly political economists.

The arguments as to the transferability of capital have received their refutation in modern conditions. With the increases in population among the different nations—not to mention the development of international trade—the necessity has arisen for the increasing use of fixed capital, *i.e.*, capital, the return on which is comparatively remote. The requirements of production upon a large scale involve the investment of large capital sums, and this fact in itself deals a blow to the theory of comparative costs. The shoemaker considered, under the old hypothesis, as an individual with no aids to production beyond a hammer and a last and a couple of awls, has disappeared before the growth of boot factories which represent a prodigious expenditure upon plant which could only be " scrapped " in the event of the industry's becoming unprofitable through the operation of the protective measures of another country.

CHAPTER X.

IMPERIALISM.

The importance of a fiscal policy which considers the colonies—The new conception of Empire—The independence of the Colonial Governments—Adam Smith's views upon colonial dependencies—The physiocratic ideal of England's future—The relations which existed between the mother-country and the colonies in Cobden's time—The reasons for the advocacy of the "emancipation" of the colonists—The prevalence of the democratic spirit—Cobden's opinions on the connexion between England and her Canadian colonists—The present position—The gradual attenuation of the Imperial links—The disagreements between the Imperial and the Colonial legislation and opinions—Colonial indifference to Imperial diplomacy and independent sentiments—The remaining shadow of a suzerainty—The perversity of Colonial demeanour in regard to Imperial interests—The importance of establishing a community of interest—The progress of Democracy in the colonies—The hollowness of noisy sentimental loyalty—The bases for a material connexion between the various parts of the Empire—The Colonial Premiers at the Conference in London, 1902—The future Empire to be an Empire of business.

IN the course of the foregoing observations an attempt has been made to show that the policy under which our trade with other nations is conducted is characterised by a rigidity, and

necessitates an inaction, which are not only out of touch with the requirements of modern conditions, but which are actually deterrents to commercial development. Yet these defects in our system, inflamed as they are with evil, pale their ineffectual fires when our vision is directed towards the inevitable results of the pursuance of a doctrine of "passive resistance" in our dealings with those colonies and dependencies which, with the United Kingdom, we are proud to designate the British Empire. It is idle to find fault with the term, to point out that the subjugation of the tax-gatherer, the sway of the autocrat, and the constitutional relations essential to the older Imperial conception, are not to be found among those nice relations and those often vague associations which form the connecting threads of the web of Empire. It is sufficient to know that, amid the altered circumstances of the twentieth century world, and amid the numerous phenomena which on all sides remind us of the evolution of mankind in community, the connotation of the term is tolerably defined in the minds of all. That an Empire of this description was possible, or even conceivable, as a business-like, or an advantageous creation of statesmanship, could never have entered into the benevolent, but too narrow,

alembic of the physiocratic brain. The maintenance of the relations which now exist between ourselves and the peoples of those lands that we have colonised, our recognition of them as independent units permitted to possess their own Parliaments, deemed competent to conduct their own affairs, capable of following practically unrestrained their own convictions, even when their interests are conflictive with those of the mother-country, would never have commended itself to, if it entered into the minds of, Adam Smith and his school. "If any of the provinces of the British Empire," he wrote, "cannot be made to contribute towards the support of the whole Empire, it is surely time that Great Britain should free herself from the expense of defending those provinces in time of war, of supporting any part of their civil and military establishment in time of peace, and endeavour to accommodate her future views and designs to the real mediocrity of the circumstances."¹ Our position among the peoples of the world was to be one of good-humoured mediocrity ; the Englishman was to be the honest Autolycus of the nations, selling his wares profitably when and where he could, refusing to co-operate, or even to become familiar,

¹ *Life of Adam Smith*, Rae.

with others who drove the same trade, dutifully prostrating himself before the divinity of natural law, declining to take more than a just profit on his services, returning natural good for artificial evil, and, above all, avoiding a superabundance of earthly possessions which might bring trouble and responsibility beyond their advantages. But, with a deeper humanity, with an almost episcopal urbanity, these homilies on benevolence were invariably succeeded by financial considerations. *Cui bono?* If unprofitable, cut the colonies loose, leave them to the guidance of "the invisible hand," and, as Heaven should decree, they would of themselves grow in wisdom and stature and wealth under the free play of natural laws, or else they would become the victims of providentially predatory peoples. It was indeed a system of protection that made the colonies the subjects of these remarks, and that their treatment by England led to disaffection and even to revolt is not surprising. It may be well to turn for a moment to the consideration of the relations which then existed between the mother-country and the colonies. "The leading principles of colonisation," says Bryan Edwards, "in the maritime States of Europe (Great Britain among the rest) was commercial monopoly. The word monopoly in

this case admitted a very extensive interpretation. It comprehended the monopoly of supply, the monopoly of colonial produce, and the monopoly of manufacture. By the first the colonists were prohibited from resorting to foreign markets for the supply of their wants; by the second they were compelled to bring their chief staple commodities to the mother-country alone; and, by the third, to bring them to her in a raw or unmanufactured state, that her own manufacturers might secure to themselves all the advantages arising from their further improvement. This latter principle was carried so far in the colonial system of Great Britain as to induce the Earl of Chatham to declare in Parliament that the British colonists in America had no right to manufacture even a nail for a horse-shoe.”¹ In this right to exclusive trade Adam Smith found the sole compensatory advantage in the possession of colonies which “had never yet afforded either revenue or military force for the support of the civil government or the defence of the mother-country”.² In later years the evils and the perils of the vampire policy which preceded these views brought the conviction to the minds

¹ *History of the West Indies*, ii., p. 565.

² *Wealth of Nations*, bk. iv., chap. 7.

of Free-traders that the safety and the welfare of the United Kingdom depended upon the emancipation of the colonies from the manacles which were galling them to discontent, but the emancipation which was advocated contained no suspicion of an idea that it might be profitable and even charitable to retain the colonies by means of such ties as those by which they now are held. That the colonists, disheartened and disaffected under oppression, would gradually become less and less useful for the purposes which alone were thought to justify their existence, only pointed the more clearly to the folly of not turning them adrift without ceremony and without delay. That their retention and protection, under the circumstances which now obtain, could beget in those isolated settlements of adventurers and prodigal sons the developments which they have since displayed, and could foster the trenchant forces of democracy which now portend as great a crop of troubles and difficulties as ever sprang up under the lash of the mercantilists, was a thought in the minds of those early Free-traders, is a conclusion to which nobody who places a fair interpretation upon history can pretend. If the repeal of the Navigation Acts and the abolition of the mercantilist policy deprived the colonies of that

which alone gave value to their retention we cannot wonder that Adam Smith's recommendations descended to his successors, and notably to Cobden and his allies. These hoary doctrines were not likely to be endangered by the want of disciples. "I cannot see," wrote Cobden to a friend, "what substantial interest the British people have in the connection (with America) to compensate them for guaranteeing 3,000,000 or 4,000,000 of North Americans living in Canada against another community of Americans living in the neighbourhood. We are told indeed of the loyalty of the Canadians, but that is an ironical term to apply to people who neither pay our taxes, nor obey our laws, nor hold themselves liable to fight our battles, who would repudiate our right to the sovereignty over an acre of their territory, and who claim the right of imposing their own Customs duties even to the exclusion of our manufactures. We are two peoples to all intents and purposes, and it is a perilous delusion to both parties to attempt to keep up a sham connection and dependence which will snap asunder if ever put to the strain of stern reality. . . . In my opinion it is for the interest of both that we should, as speedily as possible, sever the political thread by which we are as communities

connected, and leave the individuals on both sides to cultivate the relations of commerce and friendly intercourse as with other nations.”¹ These quotations are the encyclicals of the papal fathers of Free Exchange in reference to the Imperial aspirations of their countrymen. But, although we cannot in justice take them as demonstrating more than that the retention of the colonies did not commend itself as a factor in the formation of their theories, we have to-day ample proof that the doctrines which they inculcated so vehemently are absolutely incapable of extension to, or of acceptance by, the most important constituents of our Empire beyond the seas. We are powerless to insist upon the adoption of our principles by the colonies, and our impotency in this respect is only too conspicuous in the most recent pages of the history of our colonies written by our colonists themselves in words which are inspired by opinions antithetic to every article of the Cobden creed. Little Englandism—the word is used in no reproachful sense—was the basis of all the thoughts and ambitions of the Free Trade school, as it is of their successors to-day, and their speeches and actions do but show them logical. But let us turn to those

¹ Morley's *Life of Cobden*, vol. ii., pp. 470-71.

facts of the present day which would no doubt be held to be confirmatory of the two expressions of colonial policy which we have just been considering. The connecting threads of Empire are fine spun indeed to support the tension to which they are at times exposed. In Canada few constitutional bonds with the mother-country are still intact. A Supreme Court has minimised the functions of the Judicial Committee of the Privy Council ; all prerogatives of the Crown, save the appointments of a Governor-General and a Commander-in-Chief of the military forces—a position to which Canadian opinion repeatedly demands the promotion of a Canadian—have been slowly whittled away, while the atmosphere has scarce ceased to vibrate with a petulant criticism of British justice, coupled with an emphatic claim to treaty-making powers ; and that something more than the passion of the moment coloured the wording of this claim may be gathered from the courteous but suggestive terms of the resolution passed at the Colonial Conference in 1902, which ran : “ That so far as may be consistent with the confidential negotiation of treaties with foreign Powers, the views of the colonies affected should be obtained in order that they may be in a better position to give adhesion to

such treaties". The political parties of these colonies, be they Labour, Liberal, Radical or Conservative, are nevertheless animated by opinions incompatible with those which govern their British correlatives ; nor do they hesitate to publish to the world, without leave or licence, their own peculiar views upon the domestic or even upon the foreign policy of the Imperial Parliament, under the justifiable impression that every act of the Imperial Government may sooner or later affect themselves. It cannot be forgotten that the Canadian Parliament with a Conservative Ministry in power did not scruple to pass resolutions in favour of a policy towards Ireland which the home Government of the day declared to be fraught with consequences of peril, if not with the actual dismemberment of the British Empire, while prominent citizens daily preach the development of a national spirit, and at times garnish their speeches with denunciations of Britain's allies or commiserations of Britain's foes. In Australasia no less definite symptoms of independent sentiments become increasingly evident. We have recently witnessed there an outburst of opinion, followed by the manifesto of two of their Premiers, against the introduction of Chinese labour into the South African Crown Colonies—a measure

which could in no conceivable fashion affect the interests of the protesting colonies. Here, too, an obdurate and a recusant attitude is disclosed both by the language and the demeanour of their politicians. They openly express their sympathy with movements which are hostile to the traditions and to the public policy of the British Constitution. They contribute to British strikes, and they refuse to fit or modify their legislation to the obvious requirements of the welfare of the Empire. Avowed members of that Empire, clamantly professing sentiments of Imperialism, they make no pretence of rendering easy the paths of Imperial diplomacy ; and, so far from furthering, they do a great deal to thwart, the consummation of those aims which the Imperial Parliament decides to be synonymous with the welfare of all beneath its sovereignty. They deny, sometimes noisily and effusively, to the coloured subjects of our rule, and to the representatives of our Far Eastern allies, the right of entry into their country for honourable purposes. They insult our Indian Empire by opposing the landing on Australian soil of the Sultan of Johore ; and, to heap Pelion upon Ossa, they slam their doors in the faces of British immigrants. These are but a few of the untoward occurrences which

render our dealings with our biggest colonies difficult and dangerous—occurrences which take their rise in a mixture of the principles of democratic and protective opinions which have there reached a degree of development not likely to be experienced in the mother-country for many a day to come. The last Australian elections were followed by the return of a powerful labour party to Parliament and the formation of a Labour Ministry ; and there is thus no likelihood of a discontinuance of such acts as are there calculated to conduce to the interests of the working men and the cause of socialism. Such phenomena as these would, as we have said, have gladdened the boding souls of the Free Trade fathers, and would have established more firmly—if that were possible—their insular convictions. Are we then at last to take their advice ? Are the colonies likely to afford us no return for the protection we have given and still give them, and for the increasing and burdensome expenses of that protection ?—No return but here and there a few thousands of pounds towards the naval expenditure of the Empire (in one case insufficient to keep a warship in commission for six months), coupled with claims that would scarcely be justified if they found the entire amount of the Naval Esti-

mates? The words of Smith and Cobden were undoubtedly spoken in the belief that, seeing the innumerable benefits of Free Trade, other peoples, and among them our disjoined colonies, would follow, and would, possibly out of gratitude for so high an example, erect monuments to Britannia in the hearts of all their cities, and in the mouths of all their harbours. But those nations have not danced to the economic pipings which have exhausted our wind and impaired our strength for over sixty years. They have given us war when we have sued for peace ; they have rejected the evangel of commercial good-will and plain dealing, and have turned deaf ears to our exemplary appeals. And the colonies—our own flesh and blood—have shown themselves like unto the worst. Are we then to shake from our feet the dust of Canada and Australia? Are we to plough our lonely furrow with the aid of no stimulant but the consciousness of an unpalatable righteousness? The age of martyrdom, like that of chivalry, is gone for ever, and that of sophisters, economists and calculators has succeeded ; and there is nothing left to those who would maintain their commercial existence but to look into the future, and, aware of their necessary dependency upon other climes for food, ask themselves whether the time has not arrived

when the retention of those colonies, held fast through good report and ill, may not at last prove to be, not only a profitable stroke of business foresight, but the solitary prop of our ancient house. Apart from the establishment of bonds of commercial interest, valuable alike to both parties concerned, it is difficult to see how the union is to be preserved between Great Britain and her over-sea possessions. We have seen causes of friction likely to endure and multiply in a hundred and one matters, which, though they appear insignificant in their inception, evince perilous tendencies in their development that need all the tact and delicacy that the mother-country can command to control ere yet the spark be kindled into flame; we have looked, inert and helpless, upon the unarrested progress of those same social forces which once rent our island kingdom and lopped off, one by one, the prerogatives of monarchic power; we have watched their workings towards ends greater still than those which have been their resultants here where the more powerful checks of custom and tradition partially prevailed against them, and, conscious of such phenomena, can we undertake to say that the future of that magnificent fabric which has been built up by our treasure and sustained by

our might, which gives us with the aureole of power a heritage of envy, is not, in the minds of meditative men, associated with ominous forebodings of seismic shocks? Our colonies, as they have ever done, shall eat the bread of their future in the sweat of their brows, and in the labour of their hands and of their brains will rest their progress and their power, and *they* know it who are ever following out, despite distractions, the rapid roads of commerce—*they* whose every public and domestic act gives earnest of one only aim—the aggrandisement of their trade and the amelioration of their people. Forgiveness for the past, and friendship for the time to come, abide in harmony of interests and in reciprocal benefactions. The colonies have lived to better the instruction which the mother-country, in her selfish inexperience, gave ; they have committed themselves to an economic policy which already governs the mass of the world's trade ; and, if it be imagined that there is the dimmest hope of inducing them to lift restrictions and to cast aside the weapons with which they have entered upon that warfare of commerce in which they are even now enveloped, the refutation of that thought is contained in their acts, their motives, their opinions and their expressions.

Much is said of the loyalty, the fraternity, the patriotism, and the love of those settlers and descendants of settlers who set out from the home country to those distant lands. Such tender sentiments may play a gaudy part in the harangues of platform Imperialism, may form useful matter for resonant parliamentary perorations, or may make excellent music for an Imperial band ; but let any one examine the circumstances under which these colonies were founded ; let him picture to himself that “set of miserable outcasts . . . not so much sent as thrown out, on the bleak and barren shore of a desolate wilderness” ; let him call to mind the treatment meted out to them, its despicable rapacity, its ruthless inhumanity, its unmitigated oppression, and let him say if he can discern in their past that well of loyalty and love from which our colonists may draw such drowsing draughts as pluck from the memory its rooted sorrows, raze out the hidden tablets of the brain and dim the eyes of shrewd self-interest, made doubly keen in men whose lives were spent in buffetings and want, who knew not love nor help of parent land, whose fortunes have been won by independence resolute and fierce. These disquisitions upon the sublime and beautiful in the inter-Imperial affections are curiously ana-

chronistic in days when the Union Jack is reckoned as a commercial asset. Let us but realise the age we live in and we can no longer doubt the bogus value of these sickly sentiments with which we permit each glib-tongued orator of the market place to paint us things that never were on sea or land. It is but undeceptive hypocrisy to prate of sentimental influences in days when our Lake District is prospected by advertising soap merchants, when our memories of the Blue Alsatian Mountains are indissolubly associated with bile and gravel cures, when, in our midnight skies, where Cynthia once was wont to lift her silver horn in purity and peace, popular aperients spell out their mongrel names in tints of aniline. The very nomenclature of the fiscal controversy with its "free-fooders," its "whole-hoggers," its "cut-throat competition" and its "slaughter prices," smells too strongly of the abattoir to lull us into dreams of Imperial poesy, and only serves to indicate the place to which the finer feelings of humanity have been relegated in the life of the twentieth century. Sentiment! Not by such stuff are links of Empire forged, but by commercial intercourse, the business "turn" and the helping hand.

That there is a basis upon which to build a material connexion is incontestable. The

possessions of common language, literature, religions, customs, bent of mind and history, are substantial foundation stones, but these alienated from community of commercial interest, are hopelessly insufficient to restrain proclivities born of numerical strength, national spirit, and mercantile considerations. It is true that numerical strength and industrial prosperity beget ideals higher than those of mere gain and foster ambitions towards nationhood, but these themselves must be less puissant passions than those which are stirred by the notion of an Empire founded upon, and maintained by, the commercial interests of vast peoples of the same race and language. The Empire of the future must be an Empire of Business.

The recommendations of Smith and Cobden should, if we are to adhere to our Free Trade policy, be doubly true to-day when the position of the mother-country and the colonies has been reversed, when, instead of her placing restrictions upon the colonies, they subject her to treatment similar to, although not as drastic as, that to which she once subjected them. The disparity of views existing between the people of the United Kingdom and those of our colonies cannot be removed, nor can any degree of Imperial unanimity in international affairs be attained

until the aims and the interests of every member of the British Empire are coincident if not identical. Accusations of retrogressive and degenerate views are levelled against those who advocate fiscal reform, and asseverations are sown abroad that it is the desire of the reforming party to revert to the infamous mercantilism of the past. These allegations contain the truth in just a large enough quantity to render them successfully calumnious. The mercantilists' theories were undoubtedly built upon principles of Protection, but no one would suggest that any party in the State cherished a wish to return to the practices which these protective principles were wrongly thought to extenuate if not to justify ; no one would now pretend that any statesman could formulate a scheme for the defence of English against Irish trade, or for the prohibition of South African manufacturing effort. The protective measures which would meet with adoption nowadays could lay no ban upon the colonies, nor could their execution impose slavery upon the weak in any land. The aim of the reformer's project is to guard, not the trading interests of the United Kingdom alone, as the mercantilists attempted, but the industries of every climate and of every soil within the far-flung confines of our Empire.

Much stress has recently been laid upon the advantages of freedom in our negotiations with other Powers. Great Britain can never stand upon a fair footing for negotiation and diplomacy in connexion with not only commercial but still graver differences so long as any foreign Power can hold the threat of starvation over the heads of her people. But, apart from these bases for the negotiation of a fiscal understanding between the mother-country and the colonies, we have evidence of an emphatic desire on the part of the latter to form a material union with the centre of the Empire. The declarations of their responsible public men are all in favour of the bestowal of commercial preferences upon the mother-country in return, of course, for privileges granted by her to them; and the spirit in which these declarations have been made give every proof that "family" considerations will be permitted to weigh as heavily as possible in the Imperial scales. At the Conference of the Premiers of the self-governing colonies, held in London in 1902, the following resolutions were finally adopted:—

1. "That this Conference recognises that the principle of preferential trade between the United Kingdom and His Majesty's dominions beyond the seas would stimulate and facilitate

mutual commercial intercourse, and would, by promoting the development of the resources and industries of the several parts, strengthen the Empire."

2. "That this Conference recognises that, in the present circumstances of the colonies, it is not practicable to adopt a general system of Free Trade as between the mother-country and the British dominions beyond the seas."

3. "That, with a view, however, to promoting the increase of trade within the Empire, it is desirable that those colonies which have not already adopted such a policy should, as far as their circumstances permit, give substantial preferential treatment to the products and manufactures of the United Kingdom."

4. "That the Prime Ministers of the colonies respectfully urge on His Majesty's Government the expediency of granting in the United Kingdom preferential treatment to the products and manufactures of the colonies, either by exemption from, or reduction of, duties now or hereafter imposed."

5. "That the Prime Ministers present at the Conference undertake to submit to their respective Governments at the earliest opportunity the principle of the resolution, and to request them

to take such measures as may be necessary to give effect to it."

These resolutions give the essence of colonial feeling, and it will be observed that, while there is a firm determination on the part of the colonies not to tamper with, in deference to the home Government, the protective system which they have thought fit to adopt for their own protection, there is an alacrity to meet the Imperial Government upon a considerate, if business, footing. Of preferential treatment we have had a first instalment already, and its results are full of promise, but in some cases preferential tariffs would not substantially benefit the United Kingdom. "So long as preferential tariffs, even a munificent preference," said Mr. Chamberlain, addressing the Conference, "is still sufficiently protective to exclude us altogether, or nearly so, from your markets, it is no satisfaction to us that you have imposed even greater disability upon the same goods if they come from foreign markets, especially if the articles in which the foreigners are interested come in under more favourable conditions." In sundry instances nothing short of the absolute removal of the tariff, so far as Great Britain is concerned, could promote our trade with the colonies ; but being met, not by sentimentalists,

but by men of business, we must ask ourselves what we have at present to offer in exchange for compliance with a request to raze a tariff wall. Nothing; and out of nothing nothing comes. But these are isolated instances. What the results are of the degree of preference which we have already received from Canada may be seen in the memorandum¹ prepared for the Duke of Argyll by the Government of that colony. From August, 1897, Canada gave us a preference of 25 per cent., and from July, 1900, this was increased to $33\frac{1}{3}$ per cent. Before the adoption of the preferential tariff the purchases of Canada from the United Kingdom were rapidly diminishing as the figures set out in this memorandum show :—

VALUE OF GOODS ENTERED INTO CANADA (FOR CONSUMPTION) FROM THE UNITED KINGDOM.

1873	-	-	-	-	\$68,522,776
1883	-	-	-	-	52,052,465
1893	-	-	-	-	43,148,413
1897	-	-	-	-	29,412,188

Under the 25 per cent. preference the sales by the United Kingdom to Canada began to grow :—

YEAR ENDED 30TH JUNE.

1898	-	-	-	-	\$32,500,917
1899	-	-	-	-	37,060,123

¹ See *The Times*, 12th March, 1904.

Under the $33\frac{1}{3}$ per cent. preference the purchases by Canada from the United Kingdom were :—

YEAR ENDED 30TH JUNE.					
1900	-	-	-	-	\$44,789,730
1901	-	-	-	-	43,018,164
1902	-	-	-	-	49,206,062
1903	-	-	-	-	58,896,901

The trade movement shown by these figures is striking in its proof of how a tariff can overcome those advantages of territorial propinquity from which some people have drawn the conclusion that the inevitable and the immediate fate of Canada will be a merger with the United States. The establishment of these preferential tariffs not only benefited our manufacturing industries but caused the business done by British shipowners to double between 1897 and 1903. The figures of the memorandum (which do not include Canadian registered vessels) are : In 1897, 708,574 tons—567,078 tons weight and 141,501 tons measured ; in 1903, 1,619,788—1,362,917 tons weight and 256,871 tons measured. If these be the results of preferential trading—benefit to our manufacturers and more trade to our merchant marine—it would appear that the course to which ordinary discretion points us is the purchase of

further preferences by similar concessions on our part—concessions which are possible only under a Protective policy. These preferential tariffs have in some instances enabled the United Kingdom to oust the United States from the Canadian market, for, in the words of the report quoted, “when the United States maker has to meet British goods which have a duty of 19 per cent. while he has a duty of over 28 per cent. against them, he must feel that his geographical advantages are largely offset, and that under the preferential tariff he and his friend the British manufacturer are more nearly on an equality as competitors for Canadian trade than ever they were before”. To any one who studies the proceedings of the Colonial Conference, and the growing inducements to Canadians to unite with the adjoining Republic and to share between the two countries the advantages which would accrue from the joint control of the destinies of the great continent of the west, the action of the Canadian Government, in voluntarily giving to Great Britain the measures of preference that it has given, should indicate how strongly that colony desires the maintenance of close and tangible relations. That similar aspirations and movements are visible in all our colonies is only a proof that they still

remain essentially British in character, and that their peoples, with a certain Saxon ruggedness of thought, have a not unworthy predilection for the friendship of those who translate their sentiments, not into mock heroics but into helpful acts.

It is said that the social forces which we have been considering are subversive of the larger aims of our statesmanship, that socialism and trade unionism are the natural enemies of Imperialism, and that, while these forces are ever tending to raise the status of the masses and to promote the greatest happiness of the greatest number, the Imperial policy is operating entirely in favour of a capitalistic oligarchy. If by Imperialism is understood what is in the United States called "expansionism" there might be a modicum of truth in the assertion, but if by Imperialism is meant the adoption and the pursuance of a policy framed with the purpose of welding together the United Kingdom and its colonies into a homogeneous whole, the statement is fundamentally untrue. An Imperial federation, which was anything more than an empty name, would mean the opening of fresh markets, the expansion of those already open, and the better adjustment of productive power ; and the accomplishment of these ends cannot

be held to be only to the advantage of small sections of the communities which come within the union. If it were a fact that the democratic forces which concentrate themselves in socialism and trade unionism were characterised by a congenital hostility to the policy of Imperialism then indeed would that policy be moribund. That there are elements in the current idea of Imperialism which cannot be brought into harmony with a practical scheme of federation may be true, that the minds of Englishmen and of colonials are not completely *ad idem*, and that their differences tend to widen have been admitted. But these facts, powerfully brought home to us, as they are nowadays, should make clear to the meanest intellect that there lie before us now, as formerly, but two alternative policies, *viz.*, either that of inaction or *laissez-faire*, or that which, by introducing into the relationship between the mother-country and the colonies the powerful motives of economic self-interest, will establish a firm Imperial nexus which would at once exert an influence of conciliation and compromise upon the now prevalent disparities of opinion. There is nothing that takes the corners off dissimilar natures like prospective mutual profit.

Again, it is constantly pointed out that any

scheme which is formulated with a view to effecting a political union between the United Kingdom and its colonies is fraught with difficulties which must defy the greatest efforts of the parties concerned to surmount. Our present relationship with the colonies seems to have gradually evolved itself from a policy which was generally opportunist and often sartorial. Until recent years no definite name—not to mention policy—characterised the relationship between England and her possessions; and it has been hinted, perhaps with that degree of exaggeration which is permissible in epigram, that Mr. Chamberlain was the first Colonial Secretary appointed by a British Government who was familiar with the names of our colonies and dependencies.

Accident rather than intelligent statesmanship, has been the cause of the birth of the idea of Imperial federation—an idea which speedily gained a hold upon the national mind and brought into consciousness those centrifugal forces within the Empire which have already been described, and which loudly call for a modificatory policy. It will hardly be said that much progress has yet been made towards the realisation of the federationist ambition. The reason is to be found in the difficulty of crystallising the con-

ception of federation into a shape which will appeal to the eminently practical instincts of the colonists, who, rightly or wrongly, detect in the acts and proposals of the mother-country an *amour propre* which, while they do not censure, they cannot favour without injury to their own best interests, by incurring a responsibility which, it must be admitted, is uninviting. They behold in the United Kingdom an enormous and increasing expenditure upon armaments for the use of which they never could have a need commensurate with the contribution which they would be expected to make to them in the event of a merely political union ; they watch from afar the fierce battles of international trade in which England is a leading combatant ; they realise that their own commercial development requires all their care and endeavour ; and they ponder upon the prodigious risks and liabilities with which they would be burdened for the sake of little but a fair name and a common flag. With these grave perceptions in their minds they ask what profits would accrue from the partnership. The answer of the Imperial Government is the answer of the diplomat—a long-winded inventory of great expectations and glorious possibilities, a catalogue of contingent remainders, with a peroration of loving-

kindness. The colonist turns up his nose and thinks to himself that the old lady doth protest too much, or, if he be very anxious for a deal, begs that an invoice may be sent him. How much has he ever been offered in merchantable goods? Has ever the prospect been held out of increased trade with Great Britain and the rest of the Empire? Imperial federation is a chimera if it have no economic substance. Unity and unanimity within the British Empire are only possible upon the basis of a revision in our commercial policy. As regards Free Trade we have had the reply from our colonies as obdurate as that which emanates from foreign nations. We have led the way with the Imperial idea, we have had what are considered satisfactory responses, and if we would further the aspirations we have initiated, the onus of action lies upon England. We have expended millions of money, and years of thought and hope upon the Imperial scheme, and we cannot now relinquish it unaccomplished without a greater blow to our prestige, our position, our *morale*, than a revision of our trading policy could produce, if by any chance its consequences did involve a certain amount of sacrifice in England. There are two gates to the future.

CHAPTER XI.

CONCLUSION.

BEFORE closing this short survey of the fiscal question from the point of view of those who advocate reform it may be well to summarise the conclusions which have been drawn from the consideration of the facts with which we have been concerned. It will have been seen that the discussion of our position in its various aspects has been mainly an analysis of the currents and cross-currents of affairs industrial and social, an endeavour to determine the directions and to estimate the strength of the forces inherent in the social organism and its environment, in short, a study in dynamics. Such an inquiry must necessarily deal to some extent in speculation, but, when we recollect that every act of our lives is based upon probable reasoning, no exception can be taken to that speculation provided it be proved to admit of that degree of probability which appeals to practical men. If our present circumstances have been correctly described—if the facts considered are

unimpeachable, while it may not be allowed that their existence is attributable to a Free Trade policy, it may be seen that they are such as are not likely to disappear so long as our trading interests are left entirely to themselves. If the Free Trade policy be really a policy of inaction, of *laisser-faire*, *laisser-aller*, it must, at least, appear incredible that those features of our present position which afford material for congratulation are the direct effects not of natural causes, but of State inactivity. As a matter of fact it is to the moral effects of Socialism, operating half-silently throughout the last seventy years, that the abolition of most of the evils which arose from the industrial methods of the last century is to be ascribed. The intrusion of the State into the domain of private enterprise, its growing concern for the lot of its workers, and its interference on behalf of the moral and physical health of the community, were acts which, while contrary to the rudimentary tenets of Free-traders, received the connivance, if not the collusion, of the Manchester school. Now, however, these movements towards democratic and socialistic ideals have progressed beyond the control of the Free Trade party, and have given rise to a policy which bids fair to oust its former

partner from active or inactive life. The conclusions which emerge from the preceding chapters are, briefly :—

First, that the misery and suffering which were concurrent with a system of Protection in England were not wholly caused by that system, but by a culpable disregard on the part of statesmen of the social welfare of the masses ; and that, in so far as they were caused by the fiscal policy of the Government of the day, they were due to an unenlightened self-interest and a scanty knowledge of the management of the machinery of Protection, which would be impossible at the present day, not only by reason of the availability of the experience of the rest of the world, but by reason of the stronger political position of the working classes.

Second, that the Free Trade theory in its entirety is impracticable ; that that part of it which is now in practice is unfitted to the requirements of the situation, and that the natural principles of evolution in the human race have begotten in the community forces which are powerful and uncontrollable, and which produce movements whose ultimate effects we are unable to gauge but whose action it is more profitable to concur with than to oppose.

Third, that the movements of our export and import figures respectively do not indicate that relationship between the two which would point to the maximum of industrial prosperity, and that, of the two sources to which we look for the payment for our increasing excess of imports, neither manifests symptoms of increasing fecundity.

Fourth, that the practice of other nations in bringing into our markets, in some cases periodically, and, in other cases, continuously, large quantities of commodities which they sell at less than the cost of production here, with a view to maintaining large manufactures in their own countries, or to capturing the markets here, although beneficial in some instances to our manufacturers, is detrimental to the uniform progress of industry, and thus to the general welfare of the community.

Fifth, that Protection, while, perhaps, not absolutely justifiable upon grounds of abstract science, has become a necessity for self-defence ; that, if it be admitted to be justly applicable to young industries, it must also be allowed to be applicable to cases of relative immaturity ; that, although it does entail some initial expense to the consumer, his ultimate return is profitable, and that, if we would save some of the most

important of our industries and thus prevent the country from becoming impoverished and out-distanced in the commercial struggle between nations, its adoption as a policy is imperative.

Sixth, that tariffs do not encourage those industrial combinations known as trusts and cartels, except in so far as those tariffs expand and enrich the industries of the country ; that such combinations are the unavoidable issue of social developments coupled with expanding trade, and that they are not peculiar to protectionist countries.

Seventh, that, while our agricultural industry cannot, under any system, be made to contribute more than a fraction of the supplies required for our population, there is still room for it, if placed upon a fair footing, to compete in some respects, and to a necessary extent, with the agriculture of other countries ; that our dependence upon the United States for practically the whole of our supplies of corn and meat cannot, considering the growth of population in both countries, continue ; that the gradual contraction of those supplies will raise prices ; that the transference of our demands for these commodities to any countries other than our own colonies would be politically inexpedient, and that it is safer, in the event of

the rupture of the peaceful relations between Great Britain and other nations, that the control of our nation's food supplies should be in friendly hands.

Eighth, that the consumer must contribute a certain amount to the maintenance of a system under which he receives the advantages of flourishing industries and increased security; that, in this respect, there is an analogy between Protection and any other form of insurance against future adversity; that the consumer rarely pays the whole tax, and often does not pay the tax at all.

Ninth, that the price of corn is not nowadays of the same importance to the working classes that it was sixty years ago; that improved conditions of life, increased political power, and the growth of trade unionism among the working classes, as well as an elevated standard of public morality, make any attempt at oppression by the State or by the employer an impossibility, and that Protection alone can procure and maintain in the face of modern competition that high standard of living which implies the comfort and the physical and intellectual efficiency of the people.

Tenth, that the colonies, imbued with advanced political ideas and devoted to democratic

ideals, which are, at present, far from coincidence with those of the people of the United Kingdom, cannot be expected to act in harmony with the mother-country when international questions are at issue, except under the influence of a community of commercial interest; that British industrial supremacy has been undermined and is in part destroyed, and that Great Britain's only chance of gaining a position equal in industrial importance to that which she held previously lies in the consolidation of the Empire into a great economic unit.



INDEX.

- ADVERTISING, modern, 170.
Agriculture in 1815, 18.
—— and the Repeal of the Corn Laws, 23.
—— ——— Protection, 129.
—— the Board of, 195.
—— distress in, 9.
—— diminishing returns in. See *Diminishing Returns*.
—— and Free Trade, 188 *et seq.*
—— ——— labour, 16.
—— lack of organisation in, 202.
—— natural protection in, 233.
—— and railway rates, 201.
—— reasons for failure in, 196.
—— stimuli to, 195.
—— yield of soil, 197.
Alien Immigration Act, 49.
Aliens, immigration of, 245.
America before Independence, 267.
—— See also *United States*.
Anti-Corn Law movement, the, 186, 203.
Apprenticeship system, the, 15.
Australia, Cairnes on, 224.
—— attitude towards Imperialism, 272.
—— and British Immigrants, 273.
—— Labour party in, 165, 274.
—— Parliament and labour, 166.

BASTABLE, Professor, on capital. See *Capital*.
—— ——— ——— Free Trade, 35.
Belgium, agricultural methods in, 200.
Bourne, Mr., on the exchangeability of commodities, 77.
Bradford Dyers' Association and wages, 183.
Bright, John, and Protection, 165, 245.

Bright, John, on Ten Hours Bill. See *Ten Hours Bill*.

British economic policy, 169.

—— industries, 146.

—— manufacturers and enterprise, 136.

—— ——— and increasing returns, 131.

—— trade to 1885, 14, 25, 147.

—— ——— in neutral markets, 88.

CAIRNES, on Australia, 224.

Calico Printers' Association, 181.

Canada, Cobden on, 269.

—— and preference, 285.

—— ——— United States, 206, 287.

—— as a source of food supplies, 204.

—— imports from United Kingdom, 285.

—— political parties in, 272.

—— its connexion with England, 271.

Capital, fixed, 262.

—— general productiveness of, 156.

—— export of, 67, 68.

—— invested abroad, 61, 65.

—— Professor Bastable on, 54.

Carlisle and the physiocrats, 33.

Carnegie, Mr., his methods, 184.

Cartels, their policy, 113 *et seq.*

—— ——— evolution, 121.

—— prices under, 170.

Chamberlain, Mr., at Colonial Conference, 284.

Coal, the carrying power of, 234.

—— cost of production, 256.

—— duty, 16.

—— export, Mr. Williamson's figures, 94.

—— ——— Mr. Thomas's figures, 90, 93.

—— miners' wages, 257.

Coats, J. & P., 176.

Cobden, 22.

—— and the Corn Laws, 46.

—— ——— agriculture, 189.

—— ——— cheap imports, 164, 189.

—— ——— the colonies, 269, 280.

- Cobden, and Free Trade theory of, 46, 245.
 ——— on natural protection, 233.
 ——— ——— trade unions. See *Trade Unions*.
 ——— ——— labour. See *Labour*.
 Cobden Club and "dumping," 128.
 Colonial Conference, the, 271, 282, 287.
 ——— ——— ——— Mr. Chamberlain at, 284.
 Colonies and imperial burdens, 291.
 ——— ——— socialism, 271 *et seq.*
 ——— loyalty of, 278.
 ——— and Protection, 270.
 ——— See also *Imperialism*.
 Combinations, trade. See *Trusts* and *Cartels*.
 Companies Acts, 49.
 ——— joint-stock, 170.
 Comparative costs, the doctrine of, 148.
 Competition, the developments of, 38 *et seq.*
 ——— and "dumping," 108.
 ——— processes of, 171.
 Consolidation Bill, the, 9.
 Consumer, the modern, 122.
 ——— and "dumping," 122.
 ——— ——— Protection, 162, 186, 210.
 ——— in the United States, 238.
 ——— under trusts, 179.
 Corn duties, 217.
 ——— excluded during war, 14.
 ——— free importation of, 246.
 ——— prices in 1849, 14, 19, 21, 23.
 ——— ——— and the marriage rate, 249.
 ——— ——— ——— freights, 234.
 Corn Laws, 188 *et seq.*
 ——— ——— repeal of, 18, 23, 46, 186, 203, 244.
 ——— ——— Cobden and the, 46.
 Cotton, imports of, 24.
 ——— trade in 1815, 17.
 Customs, 219.

DEMOCRACY, the advance of, 43, 169.

Devonshire, fruit farmers in, 202.

- Diminishing returns, laws of, 130.
 ——— in agriculture, 196.
 "Dumping," 96 *et seq.*
 ——— its effects on the consumer, 117.
 ——— ——— labour. See *Labour*.
 ——— as a benefit, 125.
 ——— its motives and effects, 105 *et seq.*
 ——— by the Scottish Steel Trust, 131.
 Duties on corn, 213.
 ——— See also *Taxation*.

- EDUCATION, not an economic remedy, 134.
 Edwards, Mr. Bryan, on the colonies, 266.
 Emigration, Australia and, 273.
 Empire, as an economic unit, 237.
 England under Pitt, 6.
 Exports, 1740-1815, 17.
 ——— in 1792 and 1816, 20.
 ——— in 1825, 53.
 ——— special prices for, 107 *et seq.*
 ——— to Germany, 84.
 ——— to United States, 85.
 ——— Mr. Williamson's figures of volume, 79.

- FACTORY Acts, the, 49.
 ——— system, the, 29.
 Farmers. See *Agriculture*.
 Flax-growing in the United States, 158.
 Flood's opposition to the French Treaty, 12.
 Food supplies, 188, 216.
 ——— ——— animal, 193.
 ——— ——— from Canada, 204.
 ——— ——— the danger of sea-borne, 207.
 France, treaty with, 10.
 ——— war with, 12.
 Free exchange, the theory of, 30 *et seq.*
 ——— ——— and present conditions, 36.
 Free Trade, the bases of, 30, 36, 140, 294.
 ——— ——— Professor Bastable on, 35.
 ——— ——— and the standard of living, 251.

Free Trade, opposed to the differentiation of industries, 225.

—— ——— the death of agriculture, 202.

—— ——— and "dumping," 110.

—— ——— ——— trusts, 170.

—— ——— Tooke's petition, 21.

—— ——— its remedies for decline in trade, 80.

—— ——— and trade unions, 41.

—— ——— ——— our manufacturers, 40.

Freights, 135, 228.

—— and natural protection, 232.

—— ——— shipping earnings. See *Shipping*.

French wines, imports of, 10.

Friendly societies, 25.

GEORGE III., 7, 15.

Germany, coal produced and consumed in, 90.

—— competition of, 114.

—— exports and imports of, 84.

—— labour in, 149.

—— population, 81, 84.

—— trade in neutral markets, 89.

—— ——— unionism in, 255.

Gide, Professor C., and taxation, 217.

Giffen, Sir R., on our wealth, 76.

Glass trade and tariffs, 259.

Gold discoveries in Australia and California, 24.

Grain. See *Corn*.

Great Britain in the eighteenth century, 137.

Guyot, M. Yves, on Labour, 184.

HAKLUYT on gold export, 55.

House of Commons, altered constitution of, 124.

Hume and the labouring classes. See *Labour*.

Huskisson and the Corn Laws, 23.

IMPERIAL federation, 290.

Imperialism and capitalism, 288.

—— ——— trade expansion, 288.

—— the burdens of, 291.

—— ——— modern conception of, 264.

Imperialism, England's responsibility, 292.

—— Adam Smith and, 265.

—— Australia and, 272. See also *Australia and Colonies*.

—— Canada and, 271. See also *Canada*.

—— Cobden's views, 269.

Imports, "adverse balance," 55, 57.

—— agricultural, 194.

—— cheap, 164.

—— duties on, 213 *et seq.*

—— in 1740-1815, 17; in 1792-1816, 20; in 1825-72, 53.

—— free. See *Free Trade*.

—— from Germany, 84.

—— ——— United States, 85.

Income-tax figures, 66.

Increasing returns, the Laws of, 131, 137.

Industrial revolution, the, 11, 28.

Industries, intensive, 159.

—— indispensable, 164.

—— conducted abroad, 166.

Inventions in the eighteenth century, 137.

Investments abroad. See *Capital*.

Ireland, agriculture in, 200.

—— and Protection, 161.

—— Free Trade in, 10.

—— tobacco culture in, 146.

—— railway rates in. See *Railway Rates*.

Iron trade, the British, 147.

—— ——— and "dumping," 115, 124.

KARTELLS. See *Cartels*.

LABOUR, alien, 49, 245.

—— Cobden on, 32.

—— combinations. See *Trade Unions*.

—— contract of, 242.

—— cost of, 256.

—— "dumping" and, 123, 128.

—— employment under Protection, 212.

—— Hume on, 33.

—— marriage rate and, 249.

Labour, necessity for cheap, 17 *et seq.*

—— party, the growth of, 123.

—— pauper, 247.

—— personal equation in, 148.

—— protection of, 43.

—— in the last century, 249.

—— ——— Australia, 165, 274.

—— ——— Germany, 149.

—— ——— United States, 149.

—— M. Yves Guyot and, 184.

—— Mr. Bright and, 165.

—— Adam Smith on, 31.

—— the standard of living, 250, 255.

—— the cry for cheap, 257.

—— sensitiveness to economic change, 240.

—— under trusts, 183.

Laissez-faire, doctrine of, 38 *et seq.*

Lecky, Mr., on modern conditions, 42.

Linen trade, 24.

MACHINERY, the export of new, 150.

Manufacturers and "dumping," 136.

—— ——— enterprise, 136.

Marriage rate and corn prices, 249.

Melbourne, Lord, and the Corn Laws, 23.

Mercantilists, the policy of the, 268, 281.

Merchant marine. See *Shipping*.

Mill, J. S., on export of new machinery, 150.

—— ——— ——— international hostilities, 208.

—— ——— ——— protective duties, 143.

—— ——— ——— reciprocity, 151, 157.

—— ——— ——— protection to young industries, 143.

Milling industry, the, 199.

Money, the nature of, 54.

Monopolies, capitalistic, 178.

—— trusts as. See *Trusts*.

—— under Free Trade, 175.

Municipal socialism, 44.

—— trading, 170.

- NAPOLEONIC wars, the, 14.
 National debt, the, 6, 16, 17.
 Natural Protection. See *Protection*.
 Navigation Acts, the, 268.
 Navy, expenditure on, 198.
 Neutral markets, British trade in, 87.
 North, Lord, 5, 10.
- PARLIAMENT, the present constitution of, 43.
 Peel's measure for repeal of the Corn Laws, 23.
 ——— vote of censure, 23.
 Physiocrats, the, 29 *et seq.*
 Pitt, William, 6, 12.
 Population in 1815, 16.
 ——— and imports, 55.
 ——— of Germany, 81, 84.
 ——— ——— United Kingdom, 81, 84.
 ——— ——— United States, 81, 84.
 Prices in 1743-80, 8.
 Producers and consumers. See *Consumer*.
 Production on a large scale, 138.
 Protection and agriculture. See *Agriculture*.
 ——— ——— competition, 246.
 ——— an expense to the consumer, 210.
 ——— its dynamic properties, 142.
 ——— ——— successes and failures, 144.
 ——— as damping enterprise, 160.
 ——— natural, 135, 232.
 ——— to young industries, 143.
 ——— and "dumping," 97.
 ——— ——— labour, 247, 257.
 ——— ——— the right of exchange, 165.
 ——— ——— industries, 178.
 ——— in Ireland, 161.
 ——— M. Gide's views on, 217.
 ——— in Canada, 285.
 ——— in the colonies, 270.
 ——— and trade unions, 162.
 ——— in the United States, 138, 160.
 ——— President Roosevelt on, 178.

Protection, wages under, 163, 253, 258.

Public Health Acts, 49.

RAILWAY companies and monopolies, 178.

Railway rates, 201.

Raw materials, effect of checking importation of, 241.

Razors, the manufacture of, 259.

Reform Act, the, 22.

Rents in 1813, 20.

Revenue in 1815, 17; in 1841, 22.

Roosevelt, President, on trusts and tariffs, 178.

Russian grain, Cobden and, 189.

—— War, 24.

Ryland's Circular, 114, 124, 126.

SALT tax, the, 16.

Savings banks, 25.

Schwab, Mr., on a shipbuilding trust, 75.

Scottish Steel Company, the, 179.

—— ——— trade, 131.

Shipbuilding and "dumped" materials, 125.

Shipping, American industrial policy and, 74.

—— bounties, 69.

—— British and foreign, 71.

—— Canadian, 286.

—— colonial, 69; statistics of, 73.

—— earnings of British, 58, 62, 69.

—— German trade with East Africa, 70.

—— in Germany, 69.

—— ——— United States, 69.

—— Mr. Schwab on, 74.

—— the coasting trade, 72.

Silk trade in America, 145.

Smith, Adam, 4.

—— ——— views of the colonies, 265, 280.

—— ——— ——— on labour. See *Labour*.

—— ——— physiocratic leanings of, 32, 35.

—— ——— See also *Wealth of Nations*.

Social forces, 29 *et seq.*

—— remedies for depression, 80.

- Socialism and the Manchester school, 294.
 ——— in the colonies, 271. .
 ——— ——— ——— last seventy years, 294.
 Steel, the "dumping" of, 110.
 ——— Hoop Company, the, 222.
 ——— Wire Corporation, the, 116, 176, 183.
 Sugar tax, the, 16.
- TARIFF hearings in the United States, 239, 258.
 Tariffs and the consumer, 210.
 ——— ——— trusts, 182. See also *Trusts*.
 Tax, who pays the, 213.
 Taxation, 253; in 1815, 16.
 ——— under Pitt, 13.
 ——— and the consumer, 213.
 ——— ——— ——— producer, 217.
 ——— prohibitive, 220.
 Tea duty, the, 16.
 Ten Hours Bill (1847), 33.
 Thomas, Mr. D. A., on coal export, etc., 93.
 Timber duty, the, 16.
 Tin Plate Company, the American, 183.
 ——— ——— factories, 238.
 ——— ——— trade in South Wales, 239.
 ——— ——— ——— United States, 259.
 Tobacco, the Imperial Company, 180.
 ——— in Ireland. See *Ireland*.
 ——— trusts, 177.
 Tooke, Thomas, petition to Parliament, 21.
 Trade in 1815, 17.
 ——— ——— neutral markets, 87.
 ——— profits of, 64.
 ——— the sea-carrying. See *Shipping*.
 ——— unions, Cobden's views on, 40.
 ——— ——— growth of, 25.
 ——— ——— membership of, 255.
 ——— ——— and Protection, 162.
 ——— ——— the struggle against, 41.
 Trusts and tariffs, 167, 182.
 ——— abuse of power by, 181.

Trusts and commercial ethics, 174.

—— ——— prices, 120, 170, 179.

—— ——— extended operations of, 177.

—— ——— export policy of, 109, 172.

—— ——— advantages of, 181.

—— ——— as monopolies, 175.

—— ——— and labour, 182.

—— ——— wages. See *Wages*.

—— ——— American Salt, 108.

—— ——— Scottish Steel, 131.

—— ——— sociological basis of, 168 *et seq.*

—— ——— the United States Steel, 116, 176.

—— ——— in thread, 176.

—— ——— in tobacco, 177.

—— ——— President Roosevelt on, 178

—— ——— and Free Trade, 170.

UNITED Kingdom, population of. See *Population*.

—— ——— States in 1816, 160.

—— ——— ——— and Protection, 138, 145, 222.

—— ——— ——— our food supplies, 205, 217.

—— ——— ——— coal produced and consumed in, 90.

—— ——— ——— exports and imports, 53, 84.

—— ——— ——— of agricultural produce, 193.

—— ——— ——— flax-growing in, 158.

—— ——— ——— Canada and the, 287.

—— ——— ——— report of Industrial Commission in the, 106.

—— ——— ——— labour in, 149.

—— ——— ——— population, 81, 84.

—— ——— ——— railway rates in. See *Railway Rates*.

—— ——— ——— razor trade in, 259.

—— ——— ——— silk trade in, 145.

—— ——— ——— standard of living in, 255.

—— ——— ——— Steel Hoop Company in, 222.

—— ——— ——— steel trusts in. See *Trusts*.

—— ——— ——— Steel Wire Corporation, 176.

—— ——— ——— Tariff Act and woollens, 86.

—— ——— ——— hearings, 238.

—— ——— ——— tin plate industry in. See *Tin Plate*.

—— ——— ——— trade in neutral markets, 88.

United States, trade unions in, 255.

——— yield of soil, 197.

WAGES, 15, 243.

——— in 1781-84, 8.

——— Bradford Dyers' Association and, 183.

——— and profits, 252.

——— ——— trusts, 183.

——— in America, 259.

——— Lancashire, 9.

——— under Protection, 163.

War with France, 17, 137.

Wealth, Protection and total aggregate of, 166.

Wealth of Nations, publication of, 3, 141

Wheat, imports of, 192.

——— prices in 1849, 23.

Williamson, Mr. J., figures of exports, 94.

Wire nail cartel, 114.

Wool trade in 1815, 17.

Woollens, export of, 86.

Working classes, standard of living among, 258.

——— ——— See also *Labour*.

Workmen's Compensation Acts, 49.

YOUNG, Arthur, on agriculture, 9.



REMIER CODE USED—SEE BACK.

APRIL, 1904.

Telegrams—"EFFINGERE, LONDON".

CATALOGUE

OF

Legal, Commercial and other Works

PUBLISHED AND SOLD BY

EFFINGHAM WILSON,

Publisher and Bookseller.

11 ROYAL EXCHANGE, LONDON,

TO WHICH IS ADDED A LIST OF

TELEGRAPH CODES.

EFFINGHAM WILSON undertakes the printing and publishing of Pamphlets and Books of every description upon Commission. Estimates given, and Conditions of Publication may be had on application.

I N D E X.

Arbitrage—	PAGE	Correspondence (Commercial)—	PAGE
Haupt, O. (Arbitrages et Parités)	17	Beaure	10
Willdey's American Stocks	27	Martin (Stockbrokers)	8
Arbitration—		Coumbe	13
London Chamber of	24	Counting-house—	
Lynch, H. Foulks	20	Cordingley	13
Banking—		Pearce	9
Anecdotes	10	County Court—	
Bankers' Advances	12	County Court Practice Made	
Banks and their Customers	26	Easy	13
Banks, Bankers and Banking	22	Jones	18
Bibliography (Bank of England)	25	Currency and Finance—	
Easton's Banks and Banking	15	Aldenharn (Lord)	10
Easton's Work of a Bank	15	Barclay (Robert)	10
English and Foreign (Attfield)	10	Clare's Money Market Primer	12
Examination Questions, Arith-		Cobb	13
metic and Algebra	21	Cuthbertson	14
Half-yearly Balance Sheets	11	Del Mar's History	14
Howarth's Clearing Houses	18	Del Mar's Science of Money	14
Hutchison, J.	18	Financial Crises	12
Journal Institute of Bankers	18	Ellis	15
Legal Decisions affecting Bankers	22	Gibbs, Hon. H., Bimetallic	
Questions on Banking Practice	23	Primer	16
Scottish Banking	19	Haupt	17
Smith's Banker and Customer	25	Indian Coinage and Currency	23
Token Money of the Bank of		Poor (H. V.) The Money Ques-	
England	22	tion	22
Bankruptcy—		Dictionaries—	
Duckworth's Trustees	9	Méliot's French and English	21
McEwen (Accounts)	20	Cordingley's Commercial Terms	13
Stewart (Law of)	8	Cordingley's Stock Exchange	
Bills of Exchange—		Terms	13
Kölkenbeck (Stamp Duties on)	19	Directors—	
Loyd's Lectures	20	Pulbrook (Liabilities and Duties)	23
Smith (Law of Bills, etc.)	7	Exchanges—	
Watson's Law of Cheques	26	Brazilian Exchanges	26
Bimetalism—		Clare	12
List of Works	28, 29	Goschen	16
Book-keeping—		Norman's Universal Cambist	22
Cariss	12	Norman's Money's Worth	22
Carr (Investors)	12	Tate's Modern Cambist	25
Harlow's Examination Questions	17	Exchange Tables—	
Holah's Double Entry	9	American Exchange Rates	10
Jackson	18	Dollar (Eastern)	19
Johnson's Book-keeping & Accounts	4	Garratt (South American)	15
Seeböhm's (Theory)	9	Lecoffre (French)	19
Sheffield (Solicitors)	24	„ (Austria and Holland)	19
Van de Linde	26	Merces (Indian)	21
Warner (Stock Exchange)	26	Schultz (American)	24
Clerks —		Schultz (German)	24
Corn Trade	23	Insurance—	
Counting-house Guide	13	Bourne's Publications	11
First Years of Office Work	13	Fire Insurance Principles and	
Kennedy (Stockbrokers)	8	Finance	4
Mercantile Practice (Johnson)	18	How and Where to Insure	13
Merchant's	9	Short-Term Table	25
School to Office	9		
Solicitor's	18		
Do., Part II.	18		

Interest Tables—		PAGE	Legal and Useful Handy Books—		PAGE
Bosanquet		11	List of		7-9
Crosbie and Law (Product)		13	Maps—		
Decimal Interest		24	Gold Coast		6
Gilbert's Interest and Contango		16	Kalgoorlie		6
Gumersall		16	Rhodesia		6
Ham (Panton) Universal		17	Witwatersrand Goldfields		6
Indian Interest (Merces)		21	Maritime Codes—		
Lewis (Time Tables)		19	Germany		10
Rutter		23	Holland and Belgium		23
Schultz		24	Italy		23
Wilhelm (Compound)		26	Spain and Portugal		23
Investors (<i>see also</i> Stock Exchange Manuals)—			Mining—		
Birk's Investment Ledger		11	Accounts of G. M. Cos.		14
Investment Profit Tables		27	Beeman's Australian Mining Manual		10
Houses and Land		8	British Columbia Mining Laws		12
How to Invest Money		8	Charlton's Information for Gold Mining Investors		12
Profits <i>v.</i> Dividends		14	Gabbott's How to Invest in Mines		15
Wright's Yield Tables		27	Goldmann (South African Mining)		16
Joint-Stock Companies—			Milford's Dictionary of Mining Terms		21
Chart for Ready Reference		26	Tin-Mining in Spain		11
Company Frauds Abolition		23	Wallach's West African Manual		26
Companies Acts, 1862-1900		16	Miscellaneous—		
Common Company Forms		23	Arithmetic and Algebra		21
Cummins' Formation of Accounts		14	Author's Guide		27
Emery's Treatise of Company Law		15	On Compound Interest and Annuities		25
Handy Book on the Law		23	Constable's (A) Duty		5
Pulbrook's Responsibilities of Directors		23	Cotton Trade of Great Britain		15
Simonson's Companies Act, 1900		24	Gresham, Sir Thomas (Life of)		12
Simonson's Debentures and Debenture Stock (Law of)		24	Ham's Customs Year Book		17
Simonson's Reconstruction and Amalgamation		24	Ham's Inland Revenue Year Book		17
Smith		7	His Lordship's Whim		26
Law (Various Subjects)—			Kew Gardens (Illustrations)		26
Charter Parties		14	Lawyers and their Clients		19
Copyright Law		12	Lloyds' Brokerage and Discount Card		19
District and Parish Councils (Lithiby)		19	Macfee, K. N., Imperial Customs Union		20
Factors (Law relating to)		11	Merchandise by Rail (Registered System)		17
First Elements of Legal Procedure		10	Public Man		25
Food and Drugs		17	Public Meetings		25
General Average		14	Red Palmer		25
High Court Practice		22	Schedule D of Income Tax		9
Injuries to Workmen		5	Veld and "Street"		16
Licensing Acts		18	Wilson's Equivalents		5
Marine Insurance		14	Workmen's Compensation		26
Maritime Law		24	World's Statistics		10
My Lawyer		5	X Rays in Freemasonry		13
Patent Law and Practice (Emery)		15	Money Market (<i>see</i> Currency and Finance).		
Powers of Attorney and Proxies		5			
Property Law (Maude)		21			
Solicitors' Forms (Charles Jones)		18			
Thames River Law		22			
Workmen's Compensation		26			

	PAGE		PAGE
Pamphlets	27	Stock Exchange Manuals, etc. (cont.)—	
Prices—		Higgins, Leonard, The Put-and-	
Ellis (Market Fluctuations)	15	Call	17
Mathieson (Stocks)	20, 21	Houston's Canadian Securities	18
Railways—		How to Read the Money Article	14
American and British Investors	26	Investor's Ledger	21
Home Rails as Investments	25	Investors' Tables, Permanent or	
Mathieson's Traffics	20	Redeemable Stocks	18
Poor's Manual (American)	22	Key to the Rules of the Stock	
Railroad Report (Anatomy of a)	27	Exchange	12
Ready Reckoners (see also Exchange		Laws and Customs (Melsheimer)	21
Tables, Interest, etc.)—		Laws, English and Foreign	
Buyers and Sellers' (Ferguson)	8	Funds (Royle)	23
Commission and Brokerage	21	Le Stock Exchange	5
Henselin's (Multiplication)	17	Moody's Manual of U. S. Securities	21
Houghton's Mercantile Tables		Options (Castelli)	12
(Weight)	17	Poor's American Railroad Manual	22
Ingram (Yards)	18	Rapid Share Calculator	14
Kilogrammes and Pounds	27	Redeemable Stocks (a Diagram)	11
Redeemable Stocks (Mathieson)	21	Registration of Transfers	15
Merces (Indian)	21	Robinson (Share Tables)	23
Robinson (Share)	23	Rules and Usages (Stutfield)	25
Silver Tables (Bar Silver)	15	Willdey's American Stocks	27
Sinking Fund and Annuity Tables—		Tables (see Exchange Tables, Inter-	
Booth and Grainger (Diagram)	11	est Tables, Ready Reckoners,	
Hughes	18	and Sinking Fund and Annuity	
Nash's Sinking Fund and Re-		Tables, etc.).	
demption Tables	21	Telegraph Codes—	
Speculation (see Investors and		Ager's (list of)	29, 30
Stock Exchange).		Miscellaneous (list of)	30, 31
Stock Exchange Manuals, etc.—		The Premier Code	32
Anecdotes	10	Trustees—	
Contango Tables	16	Investment of Trust Funds	7
Cordingley's Guides	13	Judicial Trustees Act, 1896	19
Fenn on the Funds, English and		Marrack's Statutory Trust In-	
Foreign	15	vestments	20
		Wilson's Legal and Useful Handy	
		Books List	7-9

IN THE PRESS.

A PRÉCIS OF THE LAW RELATING TO LANDLORD
AND TENANT.

By LAURENCE DUCKWORTH, Barrister-at-Law.

Price 2s. net.

PRINCIPLES AND FINANCE OF FIRE INSURANCE.

By F. HARCOURT KITCHEN, B.A.

IN THE PRESS.

LE STOCK EXCHANGE.

Les usages de la place de Londres et les Fondes Anglais. Deuxime
édition Revue et Augmentu.

Par G. CHEVILLIARD.

Price 10s. 6d.

BOOK-KEEPING AND ACCOUNTS.

With Notes upon Auditing.

By GEORGE JOHNSON, F.S.S., F.I.S.

NEW BOOKS.

MASTER MARINERS' LEGAL GUIDE.

By ALBERT SAUNDERS. Price 10s. 6d. net.

MY LAWYER: THE UP-TO-DATE LEGAL ADVISER.

With Concise Forms of Wills, Agreements, Notices, etc.

By a BARRISTER. Price 6s. net.

**THE COMPULSORY TAKING OF LAND BY PUBLIC
COMPANIES AND LOCAL AUTHORITIES.**

By T. WAGHORN, Barrister-at-Law. Price 2s. net.

**THE LAW RELATING TO THE PAYMENT OF
COMMISSION.**

By W. HOLLAND LUPTON, B.A., Barrister-at-Law. Price 1s. 6d. net.

**THE LAW RELATING TO POWERS OF ATTORNEY
AND PROXIES.**

By V. ST. CLAIR MACKENZIE, Barrister-at-Law. Price 3s. 6d.

THE LAW RELATING TO INJURIES TO WORKMEN.

I. At Common Law. II. Under the Employers'
Liability Act, 1880. III. Under the Workmen's
Compensation Acts, 1897, 1900, and the Cases
decided thereunder.

By FREDERICK GEORGE NEAVE, Solicitor. Price 1s. 6d.

A CONSTABLE'S DUTY AND HOW TO DO IT

(In reference to the Administration of the Criminal Law and Constabulary Practice), together with Concise Criminal Code and an Appendix of Indictable Offences Triable Summarily. With an Addendum containing the New Licensing Act. By THOMAS MARRIOTT, Solicitor, and Superintendent B. M. GREGG, of the West Riding Yorkshire Constabulary. Third Edition. Price 3s. 6d. net.

MAPS.

NEW MAP OF RHODESIA. Compiled from the Latest Authentic Data, Maps and Reports of Private and Official Explorers. Showing distinctly some 40,000 Mining Claims with Special Inset Maps. Size, 60 by 60. Price in Sheets, 42s. Mounted on Rollers and Varnished, 63s.; Mounted to fold in Case, 63s.

NEW MAP OF THE WITWATERSRAND GOLD-FIELDS. Every care has been taken to have this Map accurately drawn, and to show, by a special method of colouring, the Financial House controlling the various Companies. Two Coloured Sheets, £2 2s.; mounted to fold in Case, £3 3s.; mounted on Rollers and varnished, £3 3s.; mounted on best Spring Roller, £8 8s.

A NEW MAP OF THE GOLD COAST, with part of Ashanti. Showing the positions and areas of mining Properties. By HENRY WALLACH, F.R.G.S. 6 Sheets, 26s. 6d. Mounted to fold in Case, 40s.; Mounted on Rollers and Varnished, 45s.

MAP OF THE WITWATERSRAND GOLDFIELDS. Compiled by Messrs. WOOD and ORTLEPP of Johannesburg. Scale, half-mile to the inch. Size, 9 feet by 3 feet. Prices: four Coloured Sheets, £4 4s.; Mounted to fold in Case, £5 14s. 6d.; Rollers Varnished, £5 14s. 6d.; Mounted in Portfolio, £6 6s.; Mounted on Spring Rollers, £12 12s.

KALGOORLIE. Showing the Gold Mining Leases in the direct Hannan's Belt, East Coolgardie Goldfield, Western Australia. Price on Roller and Varnished, 15s. net. Mounted to fold, in Case, 21s. net.

HANNAN'S GOLD FIELDS, WEST AUSTRALIA. An entirely New Map. Scale, 10 chains to the inch. Size, 9 feet by 3 feet. Showing the Lodes and Boundaries, Pipe Lines, Shafts, Batteries, with number of Stamps, etc. Prices, three Coloured Sheets, £3 3s.; Mounted to fold in Case, £4 14s. 6d.; Mounted on Rollers and Varnished, £4 14s. 6d.

A MAP OF THE BOULDER GROUP OF THE HANNAN'S GOLD FIELD, KALGOORLIE. (The famous "Australia Square Mile".) Scale, 20 inches to one mile. Size, 40 inches by 30 inches. Price 20s. net, folded in Case or Mounted on Rollers.

WILSON'S LEGAL AND USEFUL HANDY BOOKS.

"This house is famous for its legal and commercial handbooks."—*Schoolmaster.*

"Popular handbooks of this kind are of real benefit to the community."—*Weekly Dispatch.*

PRICES ALL NET.

Law of Bills, Cheques, Notes and IO U's.

Sixty-sixth Thousand. By JAMES WALTER SMITH, Esq., LL.D.,
of the Inner Temple, Barrister-at-Law. Price 1s. 6d.

Joint-Stock Companies (1862-1900).

New and Revised Edition. Twenty-seventh Thousand. By JAMES
WALTER SMITH, Esq., LL.D. Price 2s.

The Law of Private Trading Partnership (including the 1890 Act).

Twenty-ninth Thousand. By JAMES WALTER SMITH, Esq.
LL.D. Price 1s. 6d.

Master and Servant. Employer and Employed, in- cluding the "Workmen's Compensation Act, 1897".

Eighteenth Thousand. By JAMES WALTER SMITH, Esq., LL.D.
Price 1s. 6d.

Husband and Wife.

Engagements to Marry, Divorce and Separation, Children, etc.
By JAMES WALTER SMITH, Esq., LL.D. Eleventh Thousand.
Price 2s. 6d.

Owner, Builder and Architect. By JAMES WALTER SMITH. Price 1s.

Law of Trustees under the Act, 1893, and the Judicial Trustees Act of 1896.

Their Duties and Liabilities. New and Revised Edition. By R.
DENNY URLIN, Esq., of the Middle Temple, Barrister-at-Law.
Price 1s.

The Investment of Trust Funds under the Trustee Act, 1893.

By R. DENNY URLIN, Esq. Price 1s.

The Law of Residential and Business Flats.

By GEO. BLACKWELL, Esq., of the Inner Temple, Barrister-at-
Law. Price 1s. 6d.

Executors and Administrators, their Duties and Liabilities. "How to Prove a Will."

By G. F. EMERY, Barrister-at-Law. Price 2s.

Law of Wills for Testators, or, How to Make a Will.

By G. F. EMERY. Price 1s. 6d.

How to Appeal against your Rates

(In the Metropolis). By A. D. LAWRIE, Esq., M.A., Barrister-at-Law. Fourth Edition, revised and enlarged. Price 2s.

How to Appeal against your Rates

(Outside the Metropolis). By A. D. LAWRIE, Esq., M.A., Barrister-at-Law. Sixth and Enlarged Edition. Price 3s.

Investor's Book-keeping.

By EBENEZER CARR. Price 1s.

The Stockbroker's Handbook.

A Practical Manual for the Broker, his Clerk, and his Client. New Edition, with chapter on Options. Price 1s.

The Stockbroker's Correspondent.

Being a Letter-writer for Stock Exchange Business. Price 1s.

The Jurymen's Handbook.

By SPENCER L. HOLLAND, Barrister-at-Law. Price 1s.

Income Tax, and how to get it Refunded.

Nineteenth and Revised Edition. By ALFRED CHAPMAN, Esq. Price 2s.

Land Tax: and how to get it Corrected.

With Appendix, containing Instructions to Assessors, 1897. By JOHN ARNOTT, F.S.I. Price 1s.

The Law of Bankruptcy.

Showing the Proceedings from Bankruptcy to Discharge. By C. E. STEWART, Esq., Barrister-at-Law. Price 2s.

Hoare's Mensuration for the Million;

Or, the Decimal System and its application to the Daily Employment of the Artizan and Mechanic. By CHARLES HOARE. Price 1s.

Ferguson's Buyers and Sellers' Guide; or, Profit on Return.

Showing at one view the Net Cost and Return Prices, with a Table of Discount. New and Rearranged Edition. Price 1s.

Bills of Sale.

By THOS. W. HAYCRAFT, Esq., Barrister at-Law. Price 2s. 6d.

Schönberg's Chain Rule:

A Manual of Brief Commercial Arithmetic. Price 1s.

County Council Guide. The Local Government Act, 1888.

By R. DENNY URLIN, Esq., Barrister-at-Law. Price 1s. 6d.

Lunacy Law.

An Explanatory Treatise on the Lunacy Act, 1890, for all who have the charge of, or are brought in contact with, persons of unsound mind. By D. CHAMIER, Esq., Barrister-at-Law. Price 1s. 6d.

Houses and Lands as Investments.

With Chapters on Mortgages, Leases, and Building Societies. By R. DENNY URLIN, Esq., Barrister-at-Law. Price 1s.

How to Invest Money. By E. R. GABBOTT. Price 1s.

From School to Office. Written for Boys. By F. B. CROUCH.
Price 1s.

Pearce's Merchant's Clerk.

An Exposition of the Laws regulating the Operations of the
Counting House. Twenty-fifth Edition. Price 2s.

The Theory of Book-keeping. By BENJAMIN SEEBOHM.
Price 1s.

Double Entry; or, the Principles of Perfect Book-keeping. By ERNEST HOLAH. Price 2s.

The Law of Innkeepers and the Licensing Acts.

By T. W. HAYCRAFT, Esq., Barrister-at-Law. Price 1s. 6d.

Validity of Contracts in Restraint of Trade.

By WILLIAM ARNOLD JOLLY, Barrister-at-Law. Price 1s.

Pawnbroker's Legal Handbook, based upon the Act of 1872.

By CHAN-TOON and JOHN BRUCE, Esqs., Barristers. Price 1s.

Criminal Evidence Act, 1898.

With Explanatory Notes. By CHARLES BRONTE MORGAN,
Barrister-at-Law. 1s.

A Complete Summary of the Law Relating to the English Newspaper Press. Price 1s.

The Neutral Ship in War Time.

By A. SAUNDERS. Price 1s. net.

Schedule D of the Income Tax and how to Deal with it.

By S. W. FLINT. Price 1s. net.

Law of Water, Gas and Electric Lighting.

By LAWRENCE R. DUCKWORTH, Barrister-at-Law. Price 1s. 6d.

The Traders' Guide to the Law relating to the Sale and Purchase of Goods.

By L. R. DUCKWORTH, Esq., Barrister-at-Law. Price 1s. 6d.

Law Affecting the Turf, Betting and Gaming-Houses and the Stock Exchange.

By LAWRENCE DUCKWORTH, Barrister-at-Law. Price 1s.

Law Relating to Trustees in Bankruptcy.

By LAWRENCE R. DUCKWORTH. Price 1s.

Law Relating to Insurance Agents, Fire, Life, Accident and Marine.

By J. E. R. STEPHENS, Barrister-at-Law. Price 1s.

Railway Law for the "Man in the Train".

Chiefly intended as a Guide for the Travelling Public. By

GEORGE E. T. EDALJI, Solicitor. Price 2s.

The Law Relating to Personal Injuries.

Assault and Battery, Injuries by Animals, Negligence, Slander and Libel, Malicious Prosecution, False Imprisonment, Damages.

By FREDERICK GEORGE NEAVE, LL.D., Solicitor. Price 1s. 6d. net.

BROWNLEE'S

Handbook of British Columbia Mining Laws. For Miners and Prospectors. Price 1s.

BURGON, JOHN WILLIAM.

Life and Times of Sir T. Gresham. Including notices of many of his contemporaries. In two handsome large octavo volumes, embellished with a fine Portrait, and twenty-nine other Engravings. Published at 30s. Offered at the *reduced price of 10s.*

BURTON, THEODORE E.

Financial Crises and Periods of Industrial and Commercial Depression. With Diagrams, Bibliography and Index. Price 6s. net.

BUTTERWORTH, A. R., Barrister.

Bankers' Advances on Mercantile Securities other than Bills of Exchange and Promissory Notes. Price 7s. 6d.

CARISS, ASTRUP.

Book-keeping by Double Entry: explaining the Science and Teaching the Art. Second Edition. Price 6s.

CASTELLI, C.

Theory of "Options" in Stocks and Shares. Price 2s. net.

CHAMIER, DANIEL.

Law relating to Literary Copyright and the Authorship and Publication of Books. Price 5s. net.

"The work may be conscientiously recommended for any one requiring a cheap and trustworthy guide."—*Athenaeum*.

CHARLTON, R. H.

Useful Information for Gold Mining Investors. Price 1s.

CHISWELL, FRANCIS.

Key to the Rules of the Stock Exchange. Embodying a Full Exposition of the Theory and Practice of Business in the "House". Price 7s. 6d.

CLARE, GEORGE.

A Money Market Primer and Key to the Exchanges. Second Edition, revised. Recommended by the Council of the Institute of Bankers. With Eighteen Full-page Diagrams. Price 5s.

COBB, ARTHUR STANLEY.

Threadneedle Street, a reply to "Lombard Street," and an alternative proposal to the One Pound Note Scheme sketched by Mr. Goschen at Leeds. Price 5s.

Mr. Goschen said at the London Chamber of Commerce, "Mr. Stanley Cobb proposes an alternative to my plan, and I recommended the choice between the two".

CORDINGLEY, W. G.

Dictionary of Stock Exchange Terms. Price 2s. 6d. net.

Guide to the Stock Exchange. Price 2s. net.

First Years of Office Work. Price 2s.

Commercial Terms, Phrases and Abbreviations. Containing a Definition of all the Terms, Phrases and Abbreviations common to every branch of Mercantile Affairs. Price 2s.

A Counting-House Guide. Containing Copies of the Chief Commercial Documents now generally used together with *pro formâ* Invoices, Account Sales, etc., and useful business Tables and Calculations. Price 7s. 6d. net.

COX, CHARLES.

How and Where to Insure. Price 1s. net.

COUNBE, E. H., B.A. (Lond.).

A Manual of Commercial Correspondence. Including Hints on Composition, Explanations of Business Terms, and a large number of Specimen Letters as actually in current use, together with information on the General Commercial Subjects treated in the Correspondence. Price 2s. 6d. net.

COUNTY COURT PRACTICE MADE EASY, OR, DEBT COLLECTION SIMPLIFIED.

By a SOLICITOR. Price 2s. 6d.

COWAN, A.

The X Rays in Freemasonry. New Edition in the Press.

CROSBIE, ANDREW, and WILLIAM C. LAW.

Tables for the Immediate Conversion of Products into Interest, at Twenty-nine Rates, *viz.*: From One to Eight per cent. inclusive, proceeding by Quarter Rates, each Rate occupying a single opening, Hundreds of Products being represented by Units. Fourth Edition, improved and enlarged. Price 12s. 6d.

CUMMINS, CHARLES.

Formation of the Accounts of Limited Liability Companies. Price 5s. net.

CUTHBERTSON, CLIVE, B.A.

A Sketch of the Currency Question. Price 2s. net.

"An admirable *resumé* of the controversy between monometallists and bimetalists."—*Times*.

DEL MAR, ALEX.

History of the Monetary Systems in the various States.

Price 15s. net.

The Science of Money. Second revised Edition. Demy Svo, price 6s. net.

CHAPTERS on—Exchange. Value as a Numerical Relation. Price. Money is a Mechanism. Constituents of a Monetary Mechanism. History of Monetary Mechanisms. The Law of Money. The Unit of Money is all Money. Money contrasted with other Measures. Limitation is the Essence of Moneys. Limitation: a Prerogative of the State. Universal Money a Chimera. Causes and Analysis of a Rate of Interest. Velocity of Circulation. Relation of Money to Prices. Increasing and Diminishing Moneys. Effects of Expansion and Contraction. The Precession of Prices. Revulsions of Prices. Regulation of Moneys.

DE SEGUNDO, E.

The Rapid Share Calculator. For Calculating $\frac{1}{8}$ ths, $\frac{1}{16}$ ths, and $\frac{1}{32}$ nds. Price 10s. 6d. net.

"An ingenious mechanical contrivance for easily calculating fractional values."—*Standard*.

DONALD, T.

Accounts of Gold Mining and Exploration Companies.

With Instructions and Forms for rendering the same to Head Office. Price 3s. 6d. net.

DUCKWORTH, LAWRENCE R.

An Epitome of the Law Affecting Marine Insurance.

Price 3s. 6d. net.

The Law of Charter Parties and Bills of Lading.

Price 2s. 6d. net.

The Law of General Average. Price 2s. 6d. net.

DUGUID, CHAS.

How to Read the Money Article. Fourth Edition. Price 2s. 6d.

DUNCAN, W. W.

Profits *versus* Dividends on the Stock Exchange. Price 2s. 6d.

EASTON, H. T.

History and Principles of Banks and Banking. Second Edition. Price 5s.

The Work of a Bank. Price 2s. net.

ELLIS, ARTHUR.

Rationale of Market Fluctuations. Third Edition. Price 7s. 6d.

ELLISON, THOMAS.

Cotton Trade of Great Britain. Including a History of the Liverpool Cotton Market and the Liverpool Cotton Brokers' Association. Price 15s.

EMERY, G. F., LL.M.

Handy Guide to Patent Law and Practice. Price 6s. net.

"The book is one which a layman will find extremely useful, and we can confidently recommend it also to solicitors."—*Law Notes*.

A Treatise on Company Law, under the Acts, 1862-1900. Price 21s.

ENNIS, GEORGE, and ENNIS, GEORGE FRANCIS MACDANIEL.

The Registration of Transfers of Transferable Stocks, Shares, and Securities; with a Chapter on the Forged Transfers Act, and an Appendix of Forms. Price 7s. 6d.

"FENN ON THE FUNDS."

Being a Handbook of Public Debts. Containing Details and Histories of the Debts, Budgets and Foreign Trade of all Nations, together with Statistics elucidating the Financial and Economic Progress and Position of the various Countries. Sixteenth Edition, thoroughly Revised and in greater part Rewritten. Edited by S. F. VAN OSS, with the assistance of H. H. BASSETT. Demy 8vo, pp. 578. Price 15s.

"So much useful matter in any one volume is seldom to be met with."—*The Times*.

GABBOTT, E. R.

How to Invest in Mines: a Review of the Mine, the Company and the Market. Price 2s. 6d. net.

GARRATT, JOHN.

Exchange Tables, to convert the Moneys of Brazil, the River Plate Ports, Chili, Peru, Ecuador, California, China, Portugal, Spain, etc. (Milreis and Reis, Dollars and Cents, Pesetas and Centimos), into British Currency, varying by eighths of a penny. Price 10s. 6d.

GASKELL, W. H.

Silver Tables, showing relative equivalents of Bar Silver in London and New York. Vol. I.—From 47 cents to 67 cents; Vol. II.—From 67 cents to 87 cents, U.S. Currency; ascending by 1/8th, at Exchange of \$4.80 to \$4.90 per £ sterling, ascending by 1/4th of a cent. Price 15s., 2 vols.; or if sold separately, price 10s. each.

GIBBS, Hon. HERBERT.

A Bimetallic Primer. Third Edition, revised. Price 1s.

GODDEN, WILLIAM, LL.B., B.A., and HUTTON, STAMFORD.

The Companies Acts, 1862-1900. With cross references and a full analytical Index. Comprising the full text of all the statutes with all amendments and repeals down to 1900 and the forms and fees prescribed by the Board of Trade under the Act 1900. Price 5s. net.

GILBERT.

Interest and Contango Tables. Price 10s. net.

GOLDMANN, CHARLES SYDNEY, F.R.G.S., with the co-operation of JOSEPH KITCHIN.

South African Mines: giving the Position, Results and Developments of all South African Mines; together with an Account of Diamond, Land, Finance and kindred concerns. In three volumes.

VOL. I.—Devoted to detailed descriptions of all Witwatersrand Mining Companies, containing about 500 pages.

VOL. II.—Dealing with Mining Companies other than Rand, together with Rhodesian, Diamond, Finance, Investment, Land, and Miscellaneous Companies. It contains about 220 pages.

VOL. III.—100 Maps and Plans of Mining Properties, including a large Scale Map of the Rand in seventeen sections, together with dip, tonnage and other charts.

Price (net) £3 3s.

GOLDMANN, CHARLES SYDNEY.

The Financial, Statistical and General History of the Gold and other Companies of Witwatersrand, South Africa. Price 12s. 6d. net.

GOSCHEN, the Right Hon. VISCOUNT.

Theory of Foreign Exchanges. Tenth Thousand. 8vo. Price 6s.

GREVILLE, M. E.

From Veld and "Street". Rhymes more or less South African. Price 1s.

GUMERSALL.

Tables of Interest, etc. Interest and Discount Tables, computed at $2\frac{1}{2}$, 3, $3\frac{1}{2}$, 4, $4\frac{1}{2}$ and 5 per cent., from 1 to 365 days and from £1 to £20,000; so that the Interest or Discount on any sum, for any number of days, at any of the above rates, may be obtained by the inspection of one page only.

Nineteenth Edition, in 1 vol., 8vo (pp. 500), price 10s. 6d., cloth, or strongly bound in calf, with the Rates per Cent. cut in at the fore-edge, price 16s. 6d.

HALL, R. J.

Registered System for the Consignment of Merchandise by Rail. Price 3s. 6d. net.

HAM'S

Customs Year-Book. A new List of Imports and Exports, with Appendix and a brief account of the Ports and Harbours of the United Kingdom. Published Annually. Price 3s.; with Warehousing Supplement, 4s. 6d. net.

Inland Revenue Year-Book. The recognised book of Legal Reference for the Revenue Departments. Published Annually. Price 3s.; with Warehousing Supplement, 4s. 6d. net.

HAM, PANTON.

Universal Interest Table. For calculating Interest at any Rate on the Moneys of all Countries. Price 2s. 6d. net.

HARLOW.

Examination Questions in Book-keeping. Price 2s. 6d.

HAUPT, OTTOMÄR.

Arbitrages et Parités. Traité des Opérations de Banque, contenant les usages commerciaux, la théorie des changes et monnaies, et la statistique monétaire de tous les pays du globe. Huitième édition. Price 12s. 6d. net.

The Monetary Question in 1892. Price 5s.

HENSELIN, ADOLF.

Ready Reckoner, by which multiplication of factors from 1×1 to 999×999 can be seen at a glance, and those of still larger numbers can be effected with the utmost rapidity. By these tables the division of any one number by another can also be done. Together with Calculating Tables for circles. Price 8s. net.

HIBBERT, W. NEMBARD, LL.D.

Law relating to Company Promoters. Price 5s. net.

HIGGINS, LEONARD R.

The Put-and-Call. Price 3s. 6d. net.

HIGGINSON, CHAS. J.

Food and Drugs Adulteration: A Manual for Traders and others. Being a Consolidation of the Sale of Food and Drugs Act, 1875, Sale of Food and Drugs Amendment Act, 1879, Margarine Act, 1887, Sale of Food and Drugs Act, 1899. Second Edition, revised and enlarged. Price 3s. 6d. net.

HOUGHTON'S MERCANTILE TABLES.

For Ascertaining the Value of Goods by the Pound, Hundredweight, or Ton. Each Table extending from 1 Pound to 4,000 cwt. Price 21s.

HOUSTON'S ANNUAL FINANCIAL REVIEW.

A Carefully Revised Précis of Facts regarding Canadian Securities. Annually. Price 12s.

HOWARTH, WM.

Our Banking Clearing System and Clearing Houses. Third and Enlarged Edition. Price 3s. 6d.

HUGHES, T. M. P.

Investors' Tables for ascertaining the true return of Interest on Investments in either Permanent or Redeemable Stocks or Bonds, at any rate per cent., and Prices from 75 to 140. Price 6s. 6d. net.

HUTCHISON, JOHN.

Practice of Banking; embracing the Cases at Law and in Equity bearing upon all Branches of the Subject. Volumes II. and III. Price 21s. each. Vol. IV. Price 15s.

INGRAM.

Improved Calculator, showing instantly the Value of any Quantity from One-sixteenth of a Yard or Pound to Five Hundred Yards or Pounds, at from One Farthing to Twenty Shillings per Yard or Pound. Price 7s. 6d.

JACKSON, GEORGE.

Practical System of Book-keeping, including Bank Accounts. Revised by H. T. EASTON. Twenty-fourth Edition. Price 5s. net.

JOHNSON, GEORGE, F.S.S., A.I.S.

Mercantile Practice. Deals with Account Sales, Shipping, Exchanges, Notes on Auditing and Book-keeping. Price 2s. 6d. net.

JONES, CHARLES.

The Solicitor's Clerk: the Ordinary Practical Work of a Solicitor's Office. Fifth Edition. Price 2s. 6d. net.

The Solicitor's Clerk. Part II. A continuation of the "Solicitor's Clerk," embracing Magisterial and Criminal Law, Licensing, Bankruptcy Accounts, Book-keeping, Trust Accounts, etc. (*Third and Revised Edition.*) Price 2s. 6d. net.

The Business Man's County Court Guide. A Practical Manual, especially with reference to the recovery of Trade Debts. Third and Revised Edition. Price 3s. 6d. net.

Book of Practical Forms for Use in Solicitors' Offices. Containing over 400 Forms and Precedents in the King's Bench Division and the County Court. *Second and Revised Edition.* Price 5s. net.

JONES, HUGH.

A Guide to the Liquor Licensing Acts. Price 2s. 6d. net.

JOURNAL OF THE INSTITUTE OF BANKERS.

Monthly, 1s. 6d.

JUDICIAL TRUSTEES ACT, 1896.

And the Rules made thereunder. By a SOLICITOR.
Price 2s. 6d. net.

KELLY and WALSH.

Dollar or Taels and Sterling Exchange Tables. Compiled to facilitate Exchange Calculations at the finer rates at which Eastern business is now done. At different rates from 1s. 6d. to 3s. 4d., advancing by Sixteenths of a Penny. New Edition in the Press.

KERR, ANDREW WILLIAM, F.S.A. (Scot.).

Scottish Banking during the Period of Published Accounts, 1865-1896. Price 5s.

KÖLKENBECK, ALFRED.

Rates of Stamp Duties on Bills of Exchange all over the World. Price 1s. net.

LAWYERS AND THEIR CLIENTS.

A Practical Guide for the Latter. Price 2s.

LECOFFRE, A.

Tables of Exchange between France, Belgium, Switzerland and Great Britain; being French Money reduced into English from 25 francs to 26 francs per pound sterling, in Rates each advancing by a quarter of a centime, showing the value from one franc to one million of francs in English Money. 21s.

Tables of Exchange between Austria, Holland and Great Britain. Price 15s.

LEWIS, WILLIAM.

Tables for finding the Number of Days, from one day to any other day in the same or the following year. Price 12s. 6d.

LITHIBY, JOHN.

The Law of District and Parish Councils. Being the Local Government Act, 1894, with an Appendix containing Numerous Statutes referred to in, or incorporated with, the Act itself: including the Agricultural Gangs Act, the Agricultural Holdings Act, the Allotments Acts, Baths and Washhouses Acts, Burial Acts, Fairs Acts, Infant Life Protection Act, Knackers Acts, Lighting and Watching Act, Public Improvements Act, Public Libraries Acts, and numerous Extracts from the Public Health Act, 1875, and other Statutes. Also the Orders and Circulars of the Local Government Board, together with copious Notes and a full Index. Second Edition, revised and enlarged. Demy 8vo, 659 pages. Price 15s.

LLOYDS'

Brokerage (5 per cent.) and Discount (10 per cent.) Card.
Price 6d.

LOYD, A. C.

Lectures on Bills of Exchange. Introductory to the Codifying Act of 1882. With the Text of the Act. Price 3s. 6d. net.

LYNCH, H. F.

Redress by Arbitration; being a Digest of the Law relating to Arbitration and Award. Fourth and Revised Edition. Price 5s. net.

MACFEE, K. N., M.A.

Imperial Customs Union. A practical Scheme of Fiscal Union for the purposes of Defence and Preferential Trade, from a Colonist's Standpoint. Price, cloth, 2s. 6d. paper, 1s. 6d.

McEWEN'S

Bankruptcy Accounts. How to prepare a Statement of Affairs in Bankruptcy. A Guide to Solicitors and others. Price 2s. 6d.

MARRACK, RICHARD, M.A.

The Statutory Trust Investment Guide. The particulars as to Investments eligible, compiled and arranged by Fredc. C. Mathieson and Sons. Second Edition, revised and enlarged. Price 6s. net.

"We think the authors have executed their task well, and that their book will be found useful. We have often thought that a lawyer and a practical man writing in concert might produce a very excellent book."—*Law Quarterly Review*.

MATHIESON, FREDC. C., & SONS.

"Mathieson's publications are the well-trying servants of every investor and speculator who knows a useful reference handbook when he sees it."—*Westminster Gazette*.

Monthly Traffic Tables; showing Traffic to date and giving as comparison, the adjusted Traffics of the corresponding date in the previous year. Price 6d., by post 7d. Monthly.

American Traffic Tables. Monthly. Price 6d., by post, 7d.

Highest and Lowest Prices, and Dividends paid during the past six years. Annually. Price 2s. 6d.

Provincial Highest and Lowest Prices as quoted on the following Stock Exchanges: Birmingham, Dublin, Edinburgh, Glasgow, Leeds, Liverpool, Manchester and Sheffield. Annually. Price 2s. 6d.

Six Months' Prices and Dates. Uniform with "Highest and Lowest Prices". Annually, in July. Price 2s. 6d.

Handbook for Investors. A Pocket Record of Stock Exchange Prices and Dividends for Past Ten Years of 2000 Fluctuating Securities. Price 2s. 6d. net.

Twenty Years' Railway Statistics, 1883-1903. Annually. Price 1s.

Investor's Ledger. Price 3s. 6d.

MATHIESON, FREDC. C., & SONS—*continued.*

Monthly Mining Handbook. Price 1s.

Redeemable Investment Tables. Calculations checked and extended. By A. SKENE SMITH. Price 15s. net.

MAUDE, WILLIAM C., Barrister-at-Law.

Property Law for General Readers. Price 3s. 6d.

MAY, J. R.

Institute of Bankers' Examinations. Preliminary Examination Questions in Arithmetic and Algebra for the Years 1880-1903, with Answers. Price 1s. 6d.

MELIOT'S

English and French Explanatory Dictionary of Terms and Phrases relating to Finance, the Stock Exchange, Joint-Stock Companies and Gold Mining. Price 5s. net.

MELSHEIMER and GARDNER.

Law and Customs of the London Stock Exchange. Third Edition. Price 7s. 6d.

MERCES, F. A. D.

Indian Exchange Tables. A New Edition, Showing the Conversion of English Money into Indian Currency, and *vice versa*, calculated for every Thirty-second of a Penny; from 1s. to 1s. 6d., price 15s. net.; Supplements 1/ to 1/ 31/32 5s.; 1/1 to 1/1 31/32 5s. net.

Indian Interest Tables, from 1 to 15 per cent. per annum of 360 and 365 days; also Commission, Discount and Brokerage from 1 anna to 15 per cent. Price 8s. net.

Indian Ready Reckoner. Containing Tables of Rates by Number, Quantity, Weight, etc., including fractions of a Maund, at any rate from $\frac{3}{4}$ Pie to 250 Rs.; also Tables of Income, Exchange (1s. 2d. to 1s. 8d.), Interest and Commission. Sixth Edition. Price 25s. net.

MILFORD PHILIP.

Pocket Dictionary of Mining Terms. Third Edition. Price 1s.

MOODY'S

Manual of Corporation Securities of the United States. Covers Everything—Industrial, Steam Railroad, Electric Railway, Electric Light, Gas, and all other Companies in the United States and Canada. Royal 8vo, pp. 2250. Bound in Leather. Price, cloth, 30s.; leather, £2 2s. net.

NASH, ROBERT LUCAS.

The Investor's Sinking Fund and Redemption Tables. Showing Investors the Return offered by Securities in the shape of Interest—Drawings—Redemptions—Terminable Annuities. Adapted for Ready Reference by Stock Brokers, Bankers, and all who hold Securities, or require to Invest in them. Third and Revised Edition. Price 10s. 6d. net.

NORMAN, F. S. C.

Tables of Commission and Due Dates. Price 2s. net.

NORMAN, J. H.

Universal Cambist. A Ready Reckoner of the World's Foreign and Colonial Exchanges of Seven Monetary and Currency Intermediaries, also the Present Mechanism of the Interchanges of Things between Man and Man and between Community and Community. Price 12s. 6d. net.

Money's Worth, or the Arithmetic of the Mechanism of the World's Present Interchanges of Seven Monetary and Currency Intermediaries. Price 2s. 6d. net.

PAGET, Sir J. R., Bart.

Legal Decisions Affecting Bankers. Edited and Annotated by Sir JOHN R. PAGET, Bart., Barrister. Issued under the sanction of the Council of the Institution of Bankers. Price 6s. net.

PHILLIPS, MABERLY.

A History of Banks, Bankers and Banking in Northumberland, Durham and North Yorkshire, illustrating the commercial development of the North of England from 1755 to 1894. With numerous Portraits, Fac-similes of Notes, Signatures, Documents, etc. Price 31s. 6d.

Token Money of the Bank of England, 1797-1816. 2s. 6d.

PITT-LEWIS, G., K.C.

A Handbook of River-Law on the Thames. Being a Collection of the Acts, Orders and Regulations of General Public Interest of the various Public Bodies bearing Government upon it, for persons visiting the Port of London, and all using the River for Profit or Pleasure. Price 15s. net.

POCOCK, W. A.

An Epitome of the Practice of the Chancery and Queen's (King's) Bench Divisions of the High Court of Justice. Price 2s. 6d. net.

POOR, H. V. & H. W.

Manual of the Railroads of the United States, Canada and Mexico, and other Investment Securities.

Statements showing the Financial Condition, etc., of the United States, and of all leading Industrial Enterprises.

Statements showing the Mileage, Stocks, Bonds, Cost, Traffic, Earnings, Expenses and Organizations of the Railroads of the United States, with a Sketch of their Rise, Progress, Influence, etc. Together with 70 Maps and an Appendix, containing a full Analysis of the Debts of the United States and of the several States, published Annually. Price 45s. net.

The Money Question. A Handbook for the Times. Price 6s. net.

PROBYN, L. C.

Indian Coinage and Currency. Price 4s.

PULBROOK, ANTHONY.

Common Company Forms. Being a Series of Practical Precedents required in the Incorporating, Managing and Voluntary Winding-up of Companies under the Companies Acts, 1862-1900. Price 7s. 6d. net.

Responsibilities of Directors under the Companies Acts, 1862-1900. Price 3s. 6d. net.

Handy Book on the Law and Practice of Joint Stock Companies Incorporated under the Companies Acts, 1862-1900, with Forms and Precedents. Being a Manual for Secretaries and others interested in the Practical Legal Management of the Business of a Company. Third, Revised and Rewritten edition. Price 4s.

QUESTIONS ON BANKING PRACTICE.

Revised by, and issued under the sanction of, the Council of the Institute of Bankers. Fifth Edition, enlarged. Price 6s.

RAIKES, F. W. (His Honour JUDGE), K.C., LL.D.

The Maritime Codes of Holland and Belgium. Price 10s. 6d.

The Maritime Codes of Spain and Portugal. Price 7s. 6d. net.

"Dr. Raikes is known as a profound student of maritime jurisprudence, and he has been able to use his knowledge in a number of notes, in which the law of England and of other countries is compared with that of the Iberian Peninsula."—*Law Journal*.

Maritime Codes of Italy. Price 12s. 6d. net.

RICHTER, HENRY.

The Corn Trade Invoice Clerk. Price 1s. net.

ROBINSON.

Share and Stock Tables; comprising a set of Tables for Calculating the Cost of any number of Shares, at any price from 1-16th of a pound sterling, or 1s. 3d. per share, to £310 per share in value; and from 1 to 500 shares, or from £100 to £50,000 stock. Seventh Edition, price 5s.

ROYLE, WILLIAM.

Laws relating to English and Foreign Funds, Shares and Securities. The Stock Exchange, its Usages, and the Rights of Vendors and Purchasers. Price 6s.

RUSSELL, RICHARD.

Company Frauds Abolition. Suggested by a review of the Company Law for more than half a century. Price 1s. 6d.

RUTTER, HENRY.

General Interest Tables for Dollars, Francs, Milreis, etc., adapted to both the English and Indian Currency, at rates varying from 1 to 12 per cent, on the Decimal System. Price 10s. 6d.

SAUNDERS, ALBERT.

Maritime Law. Illustrated in the Form of a Narrative of a Ship, from and including the Agreement to Build her until she becomes a Total Loss. Price 21s.

SCHULTZ.

Universal American Dollar Exchange Tables, Epitome of Rates from \$4.80 to \$4.90 per £, and from 3s. 10d. to 4s. 6d. per \$, with an Introductory Chapter on the Coinages and Exchanges of the World. Price 10s. 6d.

Universal Dollar Tables. Complete United States Edition. Covering all Exchanges between the United States and Great Britain, France, Belgium, Switzerland, Italy, Spain and Germany. Price 21s.

Universal Interest and General Percentage Tables on any given amount in any Currency. Price 7s. 6d.

English-German Exchange Tables, from 20 marks to 21 per £ by .025 mark per £, progressively. Price 5s.

SENHOUSE, R. MINTON-, and G. F. EMERY, Barristers.

Accidents to Workmen. Being a Treatise on the Employers' Liability Act, 1880; Lord Campbell's Act, and the Workmen's Comp. Act, 1898. Demy 8vo, cloth. Price 15s.

Case Law of the Workmen's Compensation Act, 1897. Second Edition. Price 3s. 6d. net.

SHEARMAN, MONTAGUE, and THOS. W. HAYCRAFT.

London Chamber of Arbitration. A Guide to the Law and Practice, with Rules and Forms. Second Edition. Price 2s. 6d.

SHEFFIELD, GEORGE.

Simplex System of Solicitors' Book-keeping. 3s. 6d. net.

SIMONSON, PAUL F., M.A. (Oxon.).

Treatise on the Law Relating to Debentures and Debenture Stock issued by Trading and Public Companies and by Local Authorities, with Forms and Precedents. Third and Revised Edition. Price 21s.

Companies Acts, 1900, with Forms prescribed by the Board of Trade. Second Edition. Price 5s.

The Law relating to the Reconstruction and Amalgamation of Joint Stock Companies, together with Forms and Precedents. Price 10s. 6d.

SIMPLEX DECIMAL INTEREST.

Available for any Sum, Term or Rate of Interest. On a Card. Price 1s.

SMITH, A. SKENE.

Compound Interest: as exemplified in the Calculation of Annuities, immediate and deferred, Present Values and Amounts, Insurance Premiums, Repayment of Loans, Capitalisation of Rentals and Incomes, etc. Price 1s. net.

"It is written with a business-like explicitness, and cannot fail to prove useful."—*Scotsman*.

SMITH, JAMES WALTER.

The Law of Banker and Customer. New and Revised Edition. Price 5s.

STEPHENS, T. A.

A Contribution to the Bibliography of the Bank of England. Price 10s. 6d.

STEVENS, W. J.

Investment and Speculation in British Railways. Price 4s. net.

STRONG, W. R.

Short-Term Table for apportioning Interest, Annuities, Premiums, etc., etc. Price 1s.

STUTFIELD, G. HERBERT, and CAUTLEY, HENRY STROTHER.

Rules and Usages of the Stock Exchange. Containing the Text of the Rules and an Explanation of the general course of business, with Practical Notes and Comments. Third and Revised Edition. Price 6s. net.

TATE.

Modern Cambist. A Manual of Foreign Exchanges. The Modern Cambist: forming a Manual of Foreign Exchanges in the various operations of Bills of Exchange and Bullion, according to the practice of all Trading Nations; with Tables of Foreign Weights and Measures, and their Equivalents in English and French. Twenty-third Edition. By HERMANN SCHMIDT. Price 12s.

"A work of great excellence. The care which has rendered this a standard work is still exercised, to cause it to keep pace, from time to time, with the changes in the monetary system of foreign nations."—*The Times*.

TAYLER, J.

Red Palmer. A Practical Treatise on Fly Fishing. Fourth Edition. Price 1s. 6d. net.

A Guide to the Business of Public Meetings. The Duties and Powers of Chairman, with the modes of Procedure and Rules of Debate. Third Edition. 2s. 6d. net.

The Public Man: His Duties, Powers and Privileges, and how to Exercise them. Price 3s. 6d. net.

THOMSON, R. T.

The Workmen's Compensation Act, 1897. A Plea for Revision. Price 2s. 6d. net.

YAN DE LINDE, GERARD.

Book-keeping and other Papers. Adopted by the Institute of Bankers as a Text-Book for use in connection with their Examinations. New and Enlarged Edition. Price 6s. 6d. net.

YAN OSS, S. F.

American Railroads and British Investors. Price 3s. 6d. net.

WALLACH, HENRY, F.R.G.S.

West African Manual, with two Sketch Maps. Fourth and enlarged edition. Price 4s.

WALLIS, E. J.

Royal Botanic Gardens, Kew. Thirty Full-page Illustrations from Photographs taken by Permission. Price 2s. 6d. net.

WARNER, ROBERT.

Stock Exchange Book-keeping. Price 2s. 6d. net.

WARREN, HENRY.

Banks and their Customers. A Practical Guide for all who keep Banking Accounts from the Customer's point of view. By the Author of "The Banks and the Public". New (Seventh) and Enlarged Edition. Price 2s. net.

WATSON, ERIC R., LL.B. (Lond.).

The Law relating to Cheques. Price 2s. 6d. net.

WHADCOAT, GEORGE CUMING.

His Lordship's Whim. A Novel. Price 6s.

WILEMAN, J. P., C.E.

Brazilian Exchange, the Study of an Inconvertible Currency. Price 5s. net.

WILHELM, JOHN.

Comprehensive Tables of Compound Interest (not Decimals) on £1, £5, £25, £50, £75 and £100. Showing Accumulations Year by Year for Fifty Years at Rates of Interest from 1 (progressing $\frac{1}{4}$) to 5 per cent. Price 2s. 6d. net.

WILKINSON, T. L.

A Chart of Ready Reference for Office Use. Showing at a glance the Returns to be made and Registers to be kept by Companies Registered under the Companies Acts having Capitals divided into Shares. Price 3s. 6d. net, post free · mounted on linen and varnished

WILLDEY.

Parities of American Stocks in London, New York and Amsterdam, at all Rates of Exchange of the day. Price 2s.

WILSON.

Equivalents of English Pounds in Kilogrammes, and Kilogrammes in English Pounds at 1016·0475 Kilogrammes to the Ton. Price 2s. 6d. net.

Author's Guide. A Guide to Authors; showing how to correct the press, according to the mode adopted and understood by Printers. On Card. Price 6d.

Investment Table: showing the Actual Interest or Profit per cent. per annum derived from any purchase or investment at rates of Interest from $2\frac{1}{2}$ to 10 per cent. Price 2s. net.

Handbook of South African Mines, etc. A Guide to the Kaffir Market. Price 5s. net.

WOODLOCK, THOMAS F.

The Anatomy of a Railroad Report. Price 2s. 6d. net.

"Careful perusal of this useful work will enable the points in an American railroad report to be grasped without difficulty."—*Statist.*

WRIGHT'S YIELD TABLES.

Showing the Net Return on Investments in Shares. Price 2s. net.

RECENT PAMPHLETS.

Free Imports: why our present System has resulted in transferring a large portion of the Labouring Population of the United Kingdom to Foreign Countries, thus Disintegrating her Nationality in the endeavour to promote her Material Prosperity.

By BERNARD DALE. Price 1s.

Mr. Balfour and Conceivable Cures for Imagined Ills.

By C. H. P. C. Price 1s.

Thoughts on Mr. Chamberlain's Fiscal Policy.

By WALTER J. HAMMOND, M.Inst.C.E. Price 6d.

Cancer, is it Curable? Yes.

By ROBERT BELL, F.F.P.S., etc., Consulting Physician to the Glasgow Hospital for Women. Price 1s.

How to Insure Buildings, Machinery, Plant, Office and Household Furniture and Fixtures against Fire.

By C. SPENSLEY. Price 1s.

Expansion of Trade in China.

By T. H. WHITEHEAD, Member of the Legislative Council, Hong-Kong. Price 1s.

Indian Currency: An Essay.

By WILLIAM FOWLER, LL.B. Price 1s.

Notes on Money and International Exchanges.

By SIR J. B. PHEAR. Price 1s.

Cost Price Life Assurance.

A Plain Guide to Offices yielding 2 and 4 per cent. Compound Interest per annum on Ordinary and Endowment Policies. Third Edition. By T. G. ROSE. Price 6d.

Pamphlets, etc., on Bimetallism.

BULL'S CURRENCY PROBLEM AND ITS SOLUTION. Cloth, 2s. 6d.**DICK'S INTERNATIONAL BULLION MONEY.** Price 6d.**DOUGLAS (J. M.) GOLD AND SILVER MONEY: A Vital British Home Question, with Tables of Average Prices of Commodities and Silver from 1846 till 1892.** Price 6d.**GEORGE'S THE SILVER AND INDIAN CURRENCY QUESTIONS.** Price 1s. 3d.**LEAVER'S MONEY: its Origin, its Internal and International Rise and Development.** Price 1s.**MANISTY'S CURRENCY FOR THE CROWD; or, Great Britain Herself Again.** Price 1s.**MEYSEY-THOMPSON'S (SIR HENRY M., Bart., M.P.) PRIZE ESSAY. Injury to British Trade and Manufactures.** By GEO. JAMIESON, Esq. Price 6d.**MILLER'S DISTRIBUTION OF WEALTH BY MONEY.** Price 1s.**MONOMETALLISM UNMASKED; OR THE GOLD MANIA OF THE NINETEENTH CENTURY.** By A SENIOR OPTIME. 6d.**MONEY, WHAT IS IT? AND WHAT IS ITS USE?** Price 1s.**NORMAN'S PRICES AND MONETARY AND CURRENCY EXCHANGES OF THE WORLD.** Price 6d.**NORMAN'S SCIENCE OF MONEY.** Price 1s.**SCHMIDT'S SILVER QUESTION IN ITS SOCIAL ASPECT.** An Enquiry into the Existing Depression of Trade and the present position of the Bimetallic Controversy. By HERMANN SCHMIDT. Price 3s.**SCHMIDT'S INDIAN CURRENCY DANGER.** A criticism of the proposed alterations in the Indian Standard. Price 1s. 6d.**SEYD'S SILVER QUESTION IN 1893.** A Simple Explanation. By ERNEST SEYD, F.S.S. Price 2s., cloth.

SEYD'S BIMETALLISM IN 1886; AND THE FURTHER FALL IN SILVER. By ERNEST J. F. SEYD. Price 1s.

SMITH'S BIMETALLIC QUESTION. By SAM. SMITH, Esq., M.P. Price 2s. 6d.

SOWERBY'S THE INDIAN RUPEE QUESTION AND HOW TO SOLVE IT. Price 6d.

THE GOLD STANDARD. A Selection of Papers issued by the Gold Standard Defence Association in 1895-1898 in Opposition to Bimetallism. Price 2s. 6d.

THE GOLD BUG AND THE WORKING MAN. Price 6d.

TWIGG'S PLAIN STATEMENT OF THE CURRENCY QUESTION, with Reasons why we should restore the Old English Law of Bimetallism. Price 6d.

ZORN'S THEORY OF BIMETALLISM. Price 3d.

AGER'S TELEGRAM CODES.

THE A Y Z TELEGRAM CODE.

Consisting of nearly 30,000 Sentences and Prices, etc., with a liberal supply of spare words. The Code words carefully compiled from the "Official Vocabulary". Price 16s. net.

"It forms a handy volume, compiled with evident care and judgment, and clearly and correctly printed."—*Daily Chronicle*.

"All the sentences in each par. are alphabetically arranged, so that it should not be difficult to code a telegram expeditiously and to interpret a code message upon receipt should even be easier."—*Daily Telegraph*.

THE SIMPLEX STANDARD TELEGRAM CODE.

Consisting of 205,500 Code Words. Carefully compiled in accordance with latest Convention rules. Arranged in completed hundreds. Printed on hand-made paper; strongly bound. Price £5 5s.

THE DUPLEX COMBINATION STANDARD CODE.

Consisting of 150,000 Words.

With a Double Set of Figures for every Word, thus affording opportunity for each Figure System of Telegraphing to be used. Every word has been compiled to avoid both literal and telegraphic similarities. Price £4 4s.

The Extension Duplex Code of about 45,000 more Words.

These are published with the view to being either used in connection with the "Duplex," or for special arrangement with the Figure System for PRIVATE CODES by agreement. Price £1 1s.

THE COMPLETE DUPLEX CODE,

Of 195,000 Words in Alphabetical and Double Numerical Order, *i.e.*, the above two Codes bound together. Price £5 5s.

Ager's Standard Telegram Code of 100,000 Words.
Compiled from the Languages sanctioned at the Berlin Telegraph Convention. Price £3 3s.

Ager's Standard Supplementary Code for General Merchants.

The 10,250 Words with sentences. In connection with the "Standard". Price 21s.

Ager's Telegram Code. 56,000 good Telegraphic Words, 45,000 of which do not exceed eight letters. Compiled from the languages sanctioned by the Telegraph Convention. Third Edition. Price £2 2s.

Ager's Alphabetical Telegram Code. The Code Words in sequence to the 150,000 Words in the Duplex Standard Code. Price 25s. Two or more copies, 21s. each.

N.B.—Can also be obtained bound up with the Duplex or Prefix Code.

Ager's Telegraphic Primer. With Appendix. Consisting of about 19,000 good English and 12,000 good Dutch Telegraphic Words. 12,000 of these have sentences. Price 12s. 6d.

Ager's General and Social Code, For Travellers, Brokers, Bankers and Mercantile Agents. Price 10s. 6d.

TELEGRAPH CODES.

OFFICIAL VOCABULARY, BERNE, 1894. A few copies of the Original Edition. Price on Application.

Anglo-American Cable Code. Price 21s.

Bishop's Travellers' Telegraph Code. Specially for the use of Tourists. Compact and bound conveniently for the pocket. Weight only 2 oz. Price 1s.

Broomhall's Comprehensive Cipher Code.

Mining, Banking, Arbitrage, Mercantile, etc. Arranged for nearly 170,000 Phrases. Price £3 13s. 6d., cloth. Limp leather, price £4 4s.

Broomhall's "The Standard" Shipping Code for Chartering, Insurance and General Shipping Code.
Price 60s. net.

Code Télégraphique Français, A-Z.

Par de Kirchseisen. Troisième Edition. Price 80s. net.

Clauson-Thue's A B C Universal Commercial Electric Telegraphic Code,

Adapted for the Use of Financiers, Merchants, Shipowners, Brokers, Agents, etc. Fifth Edition. Price 20s. net.

Figure Code for Stocks and Shares.

To be used with the "Official Vocabulary," or any similar list of numbered Words. Price 42s.

Hawke's Premier Cypher Telegraphic Code.

Price 10s. 6d. See back page of this Catalogue.

"Ironscrap" Telegraph Code, adapted for the special use of the Old Iron and Metal Trades.

Compiled by GEORGE COHEN, SONS & Co. Revised Edition, 1903. Price 42s. net.

Lieber's Standard Telegraphic Code.

Price 42s. net.

McNeill's Mining and General Telegraph Code.

Arranged to meet the requirements of Mining, Metallurgical and Civil Engineers, Directors of Mining and Smelting Companies, Bankers, Brokers, Solicitors and others. Price 21s. net.

Moreing and Neal's General and Mining Code.

For the Use of Mining Companies, Mining Engineers, Stock-brokers, Financial Agents, and Trust and Finance Companies. Price 21s.

Official Vocabulary in Terminational Order.

Price 40s. net.

Scott's Shipowners' Telegraphic Code.

New Edition. 1896. Price 21s.

Stockbrokers' Telegraph Code. Price 5s. net.**Watkins' Ship-broker's Telegraph Code.**

Price £4 net. Two copies, £7 net.

Western Union Telegraphic Code.

Universal Edition. Leather, 65s. net; Cloth, 60s. net.

Whitelaw's Telegraph Cyphers. 338,200 in all.

202,600 words, French, Spanish, Portuguese, Italian

and Latin. Price 150s. each net.

53,000 English words 50s. " "

42,600 German " 50s. " "

40,000 Dutch " 50s. " "

338,200

400,000 Cyphers in one continuous alphabetical order. Price £12 10s.

68,400 Latin, etc., etc. (Original Edition), included in the above 202,600 60s. " "

25,000 English (Original Edition), included in the above 53,000 40s. " "

22,500 of the English words arranged 25 to the page, with the full width of the quarto page for filling in phrases. 60s. " "

14,400 of the Latin words arranged so as to represent any 3-letter group, or any three 2-figure groups up to 24 15s. " "

Willink's Public Companies' Telegraph Code.

Price 12s. 6d. net.

Medium 4to, 500 pp. Cloth, price 10s. 6d. net.

THE
PREMIER
CYPHER TELEGRAPHIC
CODE

Containing close upon 120,000 Words and Phrases.

**THE MOST COMPLETE AND MOST USEFUL GENERAL CODE
YET PUBLISHED.**

COMPILED BY

WILLIAM H. HAWKE

SOME OPINIONS OF THE PRESS.

"It is calculated to save expense by making one word do the duty of two to five words as compared with other codes, without trouble or loss of time. This result has been obtained by introducing novel and simple methods of tabulation. The scope of the code is a very wide one, and makes it suitable to the traveller as well as to the commercial man."—*Telegraph*.

"Is distinguished among books of its kind by the unusual width of its range. For the rest it is a careful work, which keeps constantly in view the practical needs of men of business."—*Scotsman*.

"The Code is certainly a marvel of comprehensiveness, and at least the translation of messages would appear to be easy, owing to the system of initial words and cross references embodied in it, and the conspicuous headings."—*Manchester Guardian*.

"An extremely valuable cypher telegraphic code. The saving of expense is, of course, the primary object of a code; but another consideration with Mr. Hawke has been to arrange a code so that what is required to be transmitted can be sent with the least possible trouble and waste of time."—*Financial News*.

"This compilation is excellent in choice of messages and simplicity of arrangement. Those who have had to deal with other codes will appreciate this point. Particularly admirable are the joint tables for market reports, which can give quotations and tone in one word. What with careful indexing to the matter and ingenious simplicity this code is certainly one of the best we have yet seen."—*Shipping Telegraph, Liverpool*.

"Undoubtedly the finest code that has yet been published, despite the fact that it also ranks among the cheapest."—*Journal of Finance*.

"An Vollständigkeit dürfte es von anderen Werke gleicher Art kaum übertreffen."—*Frankfurter Zeitung*.

"The systems of tabulation are simple, and the general appearance of the volume seems to confirm the claim that this is by far the most complete code ever issued."—*Tribune, Chicago*.

"Mr. Hawke's long experience as an expert in telegraphic code systems is a full guarantee of the excellence of the 'Premier Code'."—*Liverpool Courier*.

Now ready. Cloth, price 10s. 6d. net.

**100,000 WORD SUPPLEMENT TO
THE PREMIER CODE.**

COMPILED BY

WILLIAM H. HAWKE.

For special tables for Offers, Buying, Selling, etc., the words numbered from 00,000 to 99,999; the words do not clash with those in the Premier Code but are supplementary to them; 2440 additional words are for indicating, or catch words, and special or temporary tables.

**LONDON: EFFINGHAM WILSON,
ROYAL EXCHANGE.**



THIS BOOK IS DUE ON THE LAST DATE
STAMPED BELOW

AN INITIAL FINE OF 25 CENTS
WILL BE ASSESSED FOR FAILURE TO RETURN
THIS BOOK ON THE DATE DUE. THE PENALTY
WILL INCREASE TO 50 CENTS ON THE FOURTH
DAY AND TO \$1.00 ON THE SEVENTH DAY
OVERDUE.

OCT 11 1932

13 Oct '56 NP

REC'D LD

SEP 30 1956

LD 21-50m-8, 32

YB 05979

HF2046

, M2.

Nickel 3/2

130060

200

